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## Washington Irked By Israel's Delay On Beirut Pullout

By Bernard Gwertzman  
New York Times Service

WASHINGTON — Despite Israel's consent to the landing of U.S., Italian and French forces in Beirut, Reagan administration officials have expressed irritation at Israel's seeming refusal to agree to President Ronald Reagan's demand for an immediate withdrawal of its troops from the Lebanese capital.

Israel's rejection of an investigation into the Beirut massacre of Palestinians has surprised Washington as well, lessening the possibility of projected increases in U.S. aid.

The State Department said that plans for the landing of the three-nation force later this week were going ahead following the decision of the Israeli cabinet Tuesday to accept the re-entry of the troops.

But White House and State Department officials said that the administration remained concerned that the Israelis had avoided giving a clear-cut statement on when Israeli forces would be withdrawn.

Mr. Reagan has repeatedly insisted on an immediate pullout of the Israelis and, in his statement on Monday, said that for the three-nation force to succeed, "it is essential that Israel withdraw from Lebanon."

"Our position is clear," John Hughes, the State Department spokesman, said Tuesday. "We are calling for an immediate withdrawal of Israel's troops."

Another State Department official said that Secretary of State George P. Shultz had demanded on Saturday a "prompt and positive" response from the Israelis to the request that they withdraw immediately.

"We still have not gotten that answer," the official said.

The Israelis have said that they would gradually move over their positions in West Beirut, which they took up last week, to the Lebanese Army, and Defense Minister Ariel Sharon had said prior to the massacre of Palestinians in West Beirut that this could take a matter of weeks.

Mr. Hughes said that there seemed to be a "drawing down of Israeli troops" in West Beirut, "but we are not aware that any Israeli unit has been withdrawn. That is what we are asking for and want to see."

But Mr. Hughes said that the approval given by the Israeli cabinet for the three-nation force to land was enough for planning to go ahead.

Italy Seeking Return  
Of Figure in Scandal

BERN — Italy formally requested Wednesday the extradition from Switzerland of an industrialist and Masonic lodge official, Licio Gelli, the Swiss Justice Ministry said.

The Italian Embassy handed a note to the Swiss government asking for Mr. Gelli's extradition, stating that he was wanted in Italy on several charges, including fraud and fraudulent bankruptcy.

For the moment, the mood of disapproval and disenchantment with the Reagan government has not reached the point where congressional leaders favor cutting off aid. But influential members assert that hopes are virtually dead for aid increases; the administration had sought last spring and that the best Israel could hope for now would be to have the 1982 level of \$1.3 billion in military aid and \$785 million in economic aid continue into 1983.

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Ariel Sharon, Israel's defense minister, defended government policies in Lebanon during a debate in parliament Wednesday.

## Israel Giving Arms Seized in Beirut To Forces Implicated in Massacre

By Loren Jenkins  
Washington Post Service

BEIRUT — Heavy weapons captured by the Israeli Army in its invasion of West Beirut are being turned over to Christian militia forces whose units have been implicated in the massacre of Palestinian civilians in the capital's Chatila refugee camp.

Lieutenant Colonel Yacov Perez, the deputy spokesman for the Israeli Army in Beirut, said Wednesday that many of the weapons its forces had seized there were being turned over to the Lebanese Forces, an organization of Christian militia.

Officials have admitted that members of that group participated in the massacre last week.

The spokesman said that the weapons being turned over were part of a "gigantic" supply of weapons and munitions that the Israelis had picked up from 130 arms caches around Beirut since its occupation of the city last week.

Some of the arms, he said, belonged to the now-evacuated Palestine Liberation Organization, and some to leftist Lebanese Muslim militias who tried to resist the Israeli advance into West Beirut.

Colonel Perez said that the army was transporting about half of the captured weapons south to Israel, even though the provisions of the evacuation accords negotiated last month by Philip C. Habib, the special U.S. envoy, dictated that all PLO heavy arms were to be turned over to the Lebanese Army.

The colonel said that of the weapons the Israeli Army was not going to take to Israel, part would go to the Lebanese Army while

many more were being given to the Lebanese Forces.

"The fact is we have found so many munitions, so many weapons that we cannot carry them all back to Israel," Colonel Perez said. "We have even found tanks and we have turned them over to the Lebanese Forces and they are happy with them. They say they are going to use them."

The Israeli spokesman also added new details about the Israeli involvement with the militia groups that entered the Chatila camp last week, when the nearby Sabra camp was also invaded.

The Christian forces "were only supposed to look through the camp and kill PLO terrorists," he said. "We didn't expect them to kill civilians."

Colonel Perez said that after the Christian militiamen had been brought to the assembly area just south of the entrance to the Chatila camp, the Lebanese Forces "chief officer," whom he did not name, had given him the order "not to touch women and children" within hearing distance of Israeli Army officers.

"But when they went in, they did just that," the Israeli military spokesman said. "We didn't have any control over them. We didn't know it was going to be a massacre."

The International Red Cross reported that as of Wednesday afternoon, 293 bodies had been recovered from the alleys and bulldozed homes of the camp where once 10,000 refugees lived.

Of the bodies recovered so far, the Red Cross said, 33 were women and children. A still unknown number of bodies are lying under

## Sharon Admits Israeli Army Aided Beirut Raid Planning

The Associated Press

JERUSALEM — Defense Minister Ariel Sharon admitted for the first time Wednesday that the Israeli Army had helped plan and support a Christian militia raid against Palestinian guerrillas in Beirut refugee camps. But he said Israel had never imagined that hundreds would be massacred.

Prime Minister Menachem Begin's government later defeated a call by the opposition for a formal inquiry into the massacre. The motion was defeated by a 48-42 vote, but the government promised to conduct an investigation into the slaughter of hundreds of Palestinian refugees in West Beirut last week.

As the political uproar over the refugee camp killings heightened, Energy Minister Yitzhak Mordechai said he had submitted his resignation in protest, as did Menachem Milson, the civilian governor of the occupied West Bank.

Mr. Sharon, speaking during parliamentary debate on the killings, said, "We didn't know exactly what was going on, and to this day we don't know exactly, because when it happened, our forces

were under strict orders not to go into the camp."

He added that the Christian Phalangist militia refused to speak about the killings with Israeli officers. The militia has denied involvement in the massacre at the Sabra and Chatila refugee camps.

Mr. Sharon said the Phalangists were allowed into the camps after they guaranteed that they would "not harm civilians, especially old people, women and children."

Various estimates of the number of victims ranged from 300 to 1,400 — many of them women and children.

Legislators repeatedly interrupted Mr. Sharon's speech with angry shouts and demonstrators waving placards were evicted from the parliament gallery during the heated debate.

Shimon Peres, the Labor Party leader, accused the government of issuing a string of "concealed facts, inaccuracies and half-truths" in its earlier accounts of the massacre.

"Mr. Prime Minister, Mr. Defense Minister, whose stupid idea was it to send the Phalangists into the camps?" he asked. He called

for ministers responsible to resign.

Mr. Berman and another parliamentary member of Mr. Begin's coalition, Dror Zeigerman, voted for an independent inquiry.

Mr. Begin averted defeat on the motion for a formal inquiry by compromising with the National Religious Party and the TAMI faction, two coalition partners threatening to vote against him if no investigation were set up.

Justice Minister Moshe Nissim outlined the compromise. He told the legislators the government would "in the very near future take the appropriate decision" on what sort of investigation to conduct.

The coalition survived an earlier vote Wednesday on Labor's motion condemning the Israeli entry into West Beirut last week, which the government said was an effort to avert further bloodshed after the assassination of President-elect Bashir Gemayel, leader of the Phalangist militia. The vote on the motion was 47-40.

Reports on Beirut Embassies

Workers at the Algerian and Iranian embassies in West Beirut reported Wednesday that Israeli soldiers had entered the embassies.



Yitzhak Mordechai, Israel's energy minister, after he quit his cabinet Wednesday.

shot open safes and carted off files, the AP reported. Another report reported seeing Israeli troops at the Libyan Embassy.

A man at the Algerian Embassy (Continued on Page 2, Col. 6)



CHINESE GREETING — Prime Minister Margaret Thatcher of Britain was welcomed by Prime Minister Zhao Ziyang, center, and children on arrival Wednesday in Beijing. Page 5.

## British Strikers Back Hospital Pay Demands

By R.W. Apple Jr.  
New York Times Service

LONDON — Millions of British trade unionists staged strikes and rallies Wednesday in support of workers in the National Health Service who are seeking better wages.

Some union leaders said it was the biggest demonstration of labor solidarity since the General Strike of 1926.

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But the impact was uneven. In most parts of the country the public was little inconvenienced, and the social services minister, Norman Fowler, said the much-heralded "Day of Action" would "certainly not change the attitude of the government."

Other employees of local and national government gave strong support to their colleagues in the health service. Schools in Derbyshire were closed all day, ambulance drivers in several cities refused even to answer emergency calls, and bus service was disrupted for several hours or for the entire day in some areas. Many government offices were heavily picketed.

The militant leader of the mine workers, Arthur Scargill, who advocates extra-parliamentary action to bring down the government of Prime Minister Margaret Thatcher, succeeded in stopping work at all but 40 of Britain's 197 coal mines.

In Glasgow, a traditional union stronghold, a wide range of services were closed, including the airport. Dockers in Southampton and in Liverpool refused to work.

None of the British national newspapers appeared Wednesday morning. But almost all television programs were broadcast as scheduled, the trains and subways ran on time and most factories worked a normal day.

An exception was the big Ford plant at Halewood in northwest England, where 9,000 production workers laid down their tools.

"It is the public sector that has felt the effect of this sorry business," said Sir Terence Beckett, director-general of the Confederation of British Industries. "For a very large proportion of the private sector it has been a case of



Marchers in London, on what was declared the Day of Action, showed support Wednesday for health workers' pay demands.

the trade-union leaders in their hearts really believe that they have changed very much by their token stoppages today."

In London, more than 100,000 protesters marched on a marshaling area on the South Bank of the Thames to Hyde Park in brilliant autumnal sunshine, carrying banners proclaiming their support of nurses and other health workers. In the park, they heard speeches from trade union leaders and from Michael Foot, the leader of the Labor Party.

Since April, the government has been deadlocked in pay negotia-

tioning over the health service, the state-run organization on which most Britons depend for medical care.

More than 600,000 workers, including nurses, cooks, maintenance staff and clerks, are asking for an increase of 12 percent, which works out to slightly more than the rate of inflation since their last contract.

The government has offered 6 percent to some, 7.5 percent to others. Unlike many other workers involved in pay disputes, the health service employees have managed to win a measure of public sympathy because of a belief

## U.S. Agrees to Ship Computer System to China

By Philip J. Hilt  
Washington Post Service

WASHINGTON — The Reagan administration has reversed its policy and approved the shipment to China of a sophisticated computer system used in the United States for highly accurate simulation of missile flight for the military and

Sources say the Soviet Union will send a high-level diplomatic mission to China next month, Page 5.

the National Aeronautics and Space Administration.

The decision is controversial because the United States has halted computer shipments to the Soviet Union, even down to the level of a computer that plays chess.

Senator Jake Garn, a Utah Republican, believes that exports to both China and the Soviet Union

are dangerous. He is one of numerous sponsors of legislation to stop what Admiral Bobby R. Inman, a former deputy director of the Central Intelligence Agency, called "a hemorrhage of the country's technology."

The Commerce Department refused to comment on its approval of the shipment, except to say that trade with China had been greatly broadened over the last few years. However, there is still a prohibition on sending to China "equipment and technology that could make a significant contribution to the design, development or manufacture of new weapons or delivery systems."

John Celmer, an official in NASA's guidance and control branch, said his agency used the same type and brand of computer being exported to "do design anal-

ysis and simulation of spacecraft control systems."

The computer involved is called a hybrid because it combines two kinds of systems. Hybrid computers are used in the United States "mostly in simulations for problems in dynamic vehicles, for space and defense," Mr. Celmer said.

But he added that it is possible that the hybrid could be used for other kinds of simulation, such as process control in complex chemical plants.

The first part of the \$5-million computer system has already been shipped to China. It is manufactured by Electronics Associates of West Long Branch, New Jersey. The company has tried in previous years to get approval to sell the hybrid computer to China, but was turned down until the Reagan administration liberalized trade, according to a company spokesman.

In addition to Mr. Garn, Senators Paul Laxalt of Nevada and Mack Mattingly of Georgia, both Republicans, have also introduced bills to stop such technology sales in the House of Representatives.

Representative Robin L. Beard of Tennessee and others.

China is accorded a status above all other communist countries in trade with the United States. But the Chinese, to get the equipment must say that it will be used for nonmilitary purposes. In this case the machinery is being shipped to Harbin Institute of Technology where the hybrid computer will be used in the institute's computer research department.

Electronics Associates says the system will be used for simulation of steel production, chemical processing and turbine dynamics.

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Representative Robin L. Beard of Tennessee and others.

## Signs of Slave Labor on Pipeline Said to Grow

By Hobart Rowen  
Washington Post Service

WASHINGTON — Defense Secretary Caspar W. Weinberger says that "in recent weeks the evidence has been mounting that the Soviet Union may be using slave labor to build its natural gas pipeline from Siberia to Western Europe."

In an address to a conference sponsored by the Center for Strategic International Studies at Georgetown University, Mr. Weinberger said Tuesday that this "human rights" issue was perhaps "a compelling" reason for administration opposition to the pipeline.

Mr. Weinberger defended the administration's opposition to the pipeline. In answers to questions from the audience, Mr. Weinberger indicated there was little

Administration sources said later that Mr. Weinberger was not trying to send "a signal of intransigence."

Many Sources

Mr. Weinberger said the evidence on the use of slave labor came from many sources, including a "human rights" organization in West Germany and a "number of Vietnamese groups concerned that their political dissidents may have been exported to Siberia to help build the pipeline."

"The evidence is not conclusive," he said. "I hasten to say that. But the available evidence is profoundly troubling and some have found it very persuasive."

He said the French and West German governments had promised to investigate the reports and that the United States was

In a broader attack on the West's willingness to contribute to Soviet economic strength, Mr. Weinberger said the Soviet Union has been able to exploit "the open nature of Western society" and has managed "to play off" Western companies against each other.

Case 'Energizes' Russia

"The pipeline," Mr. Weinberger said, "does add to the dependence of Western Europe, in an undesirable way, on the Soviet Union."

More than that, Mr. Weinberger said, the pipeline "energizes the entire Soviet industrial system" by bringing urgently needed gas to Western Russia "long before it gets to Western Europe."

Tass Issues Denial

Tass denounced Mr. Weinberger's comments Wednesday and renewed an earlier Soviet

involved in the pipeline project Reuters reported from Moscow.

It said Mr. Weinberger's comments were irresponsible and added that, "if he needs a lie to advance certain political aims, he does not hesitate to use it."

Talks Reportedly Sought

British officials said Wednesday that Britain wants the United States and four European allies to meet in New York next week to resolve the pipeline dispute.

Reuters reported from London.

Foreign Secretary Francis Pym of Britain and senior ministers of Italy, France, West Germany and the Netherlands will be in New York then for a meeting of the United Nations General Assembly. Another opportunity would come, however, the next week when North Atlantic Treaty Organization foreign ministers meet.



# Syria Views Gemayel As Flexible, Cautious Compared to Brother

By Henry Tanner  
New York Times Service

DAMASCUS — Amin Gemayel, the new Lebanese president-elect, viewed here as more flexible and more moderate than his brother, at the same time more cautious and perhaps a weaker man.

Syrian officials had taken his election for granted almost from the moment of Bashir Gemayel's flight. They expect early consultations with him on relations between the two countries, and particularly on the circumstances under which Israeli and Syrian troops will eventually be withdrawn.

Syrian sources said that Amin Gemayel came to the presidency as indebted to Israel, that he is likely to favor a peace treaty with Israel soon.

The assassination of his brother and the massacre in the Palestinian refugee camps make it unlikely, it is thought in Damascus, that Prime Minister Menachem Begin will summon him to a meeting in northern Israel as he did his brother.

Western diplomats say that Mr. Gemayel, being more in the traditional mold than his brother, is likely to try to maintain good relations with moderate Arab governments, particularly Saudi Arabia, whose financial aid in the reconstruction of Lebanon will be needed.

Mr. Gemayel, it is noted in Damascus, is starting out with a greater reservoir of good will among Lebanese Moslems and other Maronite Christian groups. His brother, as the military leader of the Phalangist militia, had opened a gulf of hatred between himself and the Moslems and also between himself and such Maronite leaders as Suleiman Frangieh and Camille Chamoun, both former presidents.

Amin Gemayel was elected with the support of most of the established Moslem leaders who had boycotted his brother's election. Unlike his brother, he had remained in contact with these leaders in recent years.

But his brother, once elected, excluded authority and personal leadership, and it seems now that Lebanon would have been willing to rally around him as a strong leader.

Diplomats in Damascus say that Bashir Gemayel could be ruthless both as a politician and as a military man. Amin Gemayel, it is felt, is an unknown quantity, and it is impossible to predict how he will act under pressure from Israel, from Syria or from the various Lebanese communities and clans.

It is thought doubtful, for instance, that he will have the personal authority necessary to dismantle Lebanon's dozen or so private armies, including his own Phalangists. His brother, who wanted to move quickly, had announced that he would insist on dissolving the militias.

The expectation among Western diplomats is that Mr. Gemayel will turn to Western countries, especially France, but also the United States and perhaps Italy—for military assistance and advisers to help in rebuilding the Lebanese Army and for political support against Israel and Syria.

## U.S. Soldier Killed by Tank

UNITED PRESS INTERNATIONAL  
WERTHEIM, West Germany — An American soldier on NATO maneuvers was killed Wednesday when he was hit by a swinging tank gun, the U.S. Army said. His death brought to at least 20 the number of soldiers killed in NATO maneuvers in Europe this fall.



Toufik Zayad, right, the Arab mayor of Nazareth and a Communist member of the Israeli parliament, reacted angrily to a speech on Wednesday by Ariel Sharon, the defense minister, opposing an investigation of the massacre in West Beirut.

# Refugees Afraid 'We Will Be Next'

## Chatila's Neighbor Camp Pleads for Army Protection

By Loren Jenkins  
Washington Post Service

BEIRUT — When the 17-year-old Palestinian schoolgirl appeared in an alleyway in West Beirut's Borge Barajni refugee camp, the first thing that struck the visitor was her prettiness: a soft, radiant face with large, limpid black eyes.

But when she began to speak, it was the terror, not the beauty, that riveted the attention.

"We live in fear here," said the girl, who will be called Fatma to protect her identity. Her eyes watery with suppressed tears, she said: "Everyone is nervous and afraid. There is a great fear that after Chatila, we will be next."

Chatila is the Palestinian refugee camp to the northwest of Borge Barajni. Christian militiamen massacred hundreds of Palestinians last week at Chatila, within a few hundred yards of the Israeli occupation army's command center.

Not even President Ronald Reagan's announcement Monday that a new multinational peace-keeping force will be sent to Beirut has done much to still the terror of the people of Borge Barajni. They are terrified that before the force can be deployed later this week the militiamen who killed their friends and neighbors in Chatila and in Sabra refugee camp may try to do the same here.

## Camp Is Unprotected

There are good reasons for their fears. The Borge Barajni camp, on the southern fringes of Modern West Beirut, has been disarmed, and it remains unprotected either by the Lebanese Army or by the Israelis, who already are winding down their occupation and beginning to withdraw from the city they invaded last week.

The Lebanese Army is supposed to be protecting Borge Barajni, which bore the brunt of Israeli ar-

tillery, gunboat and aerial bombardment during the 10-week siege of West Beirut. The army was supposed to provide for the camp's security and that of all West Beirut under the terms of the agreement negotiated by Philip C. Habib, U.S. envoy to the Middle East, which led to the evacuation of the fighters of the Palestine Liberation Organization.

But the Lebanese Army, weak, demoralized and insecure, has balked at the assignment. It entered the camp two weeks ago to search for guns and ammunition left behind by the PLO, but left almost as quickly as it had come, leaving behind only roadblocks north and south of the camp, manned by half a dozen soldiers.

The Israeli occupation of West Beirut sent the camp into a frenzy of apprehension. "We have gone to the army, maybe 100 times, to ask them to come in here and defend us," said a Palestinian woman. "All they did was ignore us."

On Saturday, when word had already swept through the camp about the massacre at Chatila, the army did appear in the camp to ask all its residents to take any weapons they might still have to a nearby mosque for collection so the Israelis and the Christian militias would have no excuse to invade the camp.

"They said everyone would turn over their weapons," Fatma recalled. "Everything would be all right and they would protect us from the Israelis and Haddad's men," a reference to Major Saad Haddad, a former Lebanese Army officer and leader of a rightist Christian militia.

According to dozens of Palestinians, hundreds of guns were turned over to the Lebanese Army. "We are not from the PLO, but we have always had weapons to defend ourselves," said an 18-year-old youth. "But we wanted army protection, so we took the guns we had always kept to defend our families to the mosque, and the army took them away."

After disarming the residents, the Lebanese Army left the camp as it was before, defended by the soldiers at the roadblocks and three-man patrols through the streets once or twice a day.

"We begged them to protect us," Fatma said. "They said they couldn't fight Saad Haddad, they were not strong enough."

Disarmed and alone, the Palestinians of Borge Barajni, a camp of 10,451 registered refugees of families who fled Palestine in 1948 when the state of Israel was created, have the look of a hunted people.

## Reports From Chatila

Many have gone to Chatila, where several hundred bodies have been recovered, and returned to their camp to add to the terror with their reports of the carnage. Some have come back with exaggerated tales, others with more accurate ones. All know that an unspeakable horror has come to those near them and fear that it could come to them.

What do people do when they come back from Chatila? Fatma's father was asked. "They just come back and cry," said the father of 10, who has lived in Borge Barajni since fleeing his village near Acre when Israel was born.

At night, so great are the terrors that most people leave their homes and sleep away from the camp in neighboring residential districts, using garages, fields and cars as hiding places.

"Why do we live here?" Fatma asked. "We are not wanted. We are treated as if we are not people. Who says hello to us? Nobody." She says when they are frightened they cannot seek refuge in the heart of town because "we are Palestinians."

Her father asked quietly, "We want to go away from here, but where can we go? I don't understand why we are persecuted like this. Israel says the Nazis killed them. Now they are killing us like

# Parliament Hears Sharon

(Continued from Page 1)

who would not give his name, showed reporters the ambassador's desk and said it had been pried open by Israelis on Sunday. At the Iranian Embassy, workers pointed out safes blown open with guns.

Both embassy buildings, as well as the nearby Libyan and Kuwaiti embassies, were heavily damaged by Israeli shelling of West Beirut during the Israeli siege. There apparently were no diplomatic personnel in any of the buildings after the Israelis drove into West Beirut last week.

The Algerian and Iranian governments have had close relations with the Palestine Liberation Organization. The Iranians also have provided volunteers to fight beside Syrian troops in Lebanon in their confrontation with the Israelis.

## Protests in Northern Israel

Arab protests over the Beirut massacre flared in northern Israel Wednesday, the AP reported, and officials said at least 39 Israeli Arabs and 20 police officers were injured in clashes between demonstrators and police.

In Nazareth, the major Arab center in Israel's northern Galilee region, a spokesman for Holy Family Hospital said 13 Arabs, ranging in age from 13 to 41, were treated for a variety of injuries, 11 for gunshot wounds.

One patient, a 14-year-old boy shot in the abdomen, was transferred to Afula Hospital and was in serious condition, he said.

A spokesman at Nazareth Hospital said 26 Arabs, the youngest 10 years old, were treated there, and an unspecified number had gunshot wounds.

In the Israeli-occupied West Bank, Arabs closed shops and schools, and an AP photographer reported stone-throwing incidents in the major city of Nablus, where Palestinian youths have clashed with Israeli troops for three days.

## Ghana's Borders Ordered Closed

LONDON — Ghana temporarily closed its land borders to all travel Tuesday night to facilitate measures against black marketeering and other economically harmful activities, Accra radio said. It did not say how long the ban would last.

The ban on entering and leaving Ghana by land did not apply to sea and air journeys to and from the West African state, the radio said in a broadcast monitored here.

The measures were designed to check a drain on the national economy from smuggling and currency trafficking as well as black marketeering, according to an official government statement that the radio quoted.

## Blind Halt Italian Trains

PORTICI, Italy — Three hundred blind pensioners halted rail traffic between Naples and Sicily for two hours Wednesday by lying down on the track to protest the nonpayment of their state pensions, police said.

## Chilean Doctor Denies He Identified Activists

Los Angeles Times Service  
TORONTO — In an article by Stanley Meisler of the Los Angeles Times about a torture research center in Canada, a Chilean physician who now lives in Canada, Dr. José Venturini, was reported to have "given [his] torturers, as they demanded, the names of peasants... who were active politically." This statement appears to have been based on a misunderstanding, Dr. Venturini, who was interviewed for the story, now says he did identify one peasant on a list given him by his torturers, but only as a former patient, not as a political activist. (The story appeared Wednesday in the Inter-

# Iraq Reports Bombing Iran Targets

LONDON — Iraq said its air force bombed Iranian military targets Wednesday and also flew spy missions over Tehran while Iran's military was conducting a parade in the capital's streets to celebrate the second anniversary of the beginning of the war.

Iraq's official news agency said Iraqi jets bombed Iranian military targets and troop concentrations in five Iranian towns near the southwestern border. Iran had no immediate word of the air attacks. But Iran's Islamic Republic News Agency said an Iraqi MIG-25 had been chased away by Iranian jets while "seeking to bomb residential areas in the capital."

The air raids and flights were a warning to the Iranian rulers that "Iraq is ready to deal a deadly blow to the enemy if they dare attack Iraq," a military communiqué said. The warning appeared to be in response to reports that Ayatollah Ruhollah Khomeini plans to order a fresh invasion of Iraq sometime this month.

# Russia Denies Role in Pope Shooting

MOSCOW — Tass denied Wednesday that there was Soviet involvement in the May 1981 assassination attempt on Pope John Paul II, saying the report was like a "cheap detective story" invented by U.S. agents.

"They in Washington hoped to throw a stone at the Soviet Union, but they threw a boomerang," Tass said. The statement was made after the NBC television network broadcast a report that the Kremlin may have backed the assassination attempt because the pope supported the Solidarity trade union in Poland.

A Tass commentator, Yuri Kornilov, said "specialists in fabricating foul anti-Soviet sensations" apparently seized on the assassination attempt even though a Turkish rightist was convicted of shooting the pope. He said claims that Soviet agents, their Bulgarian assistants, revolutionaries and false passports all had a part in the plot were "absurd inventions."

# Gandhi Urges Afghanistan Pullout

MOSCOW — Prime Minister Indira Gandhi of India said Wednesday that she has told Soviet leaders they should pull their troops out of Afghanistan "because we are against any type of interference."

But she said the issue was complicated by the flow of weapons from outside the country to the rebels who are fighting the Kabul regime. "There are two sides to the question or two sides to the problem," she said at a news conference after two days of meetings in the Kremlin with Soviet leaders, including President Leonid I. Brezhnev.

# Suzuki Asks Government Pay Freeze

TOKYO — Prime Minister Zenko Suzuki appealed to government employees Wednesday to accept a pay freeze to help cut the deficit in the national budget. He also renewed his pledge to balance the budget by the 1984 fiscal year without raising taxes.

The government has already decided to eliminate a proposed pay rise of just under 5 percent for government workers this year. The decision led to a brief strike by transport workers, who halted buses and subway operations in seven cities Tuesday.

Mr. Suzuki also told the Chamber of Commerce and Industry that the cabinet would consider increased spending on public works and investment tax credits for small and medium businesses to help stimulate the economy.

# Princess Grace Buried in Monaco

MONTE CARLO — Princess Grace has been buried in the Cathedral of Monaco in a private ceremony attended by her husband, Prince Rainier, two of her children and members of the former actress' family.

The interment of Princess Grace's body, which had been lying in state in the cathedral since funeral services Saturday, took place Tuesday in the underground crypt of the cathedral, where other members of Monaco's royal Grimaldi family also are buried.

The burial originally was expected to be Saturday after the funeral services. But at Prince Rainier's request, the crypt was modified so that after his death his body will lie next to that of his wife of 26 years.

# Honduras Guerrillas Reduce Demands

SAN PEDRO SULA, Honduras — Leftist guerrillas are holding two Cabinet ministers and 79 businessmen after releasing one of their hostages Wednesday and reducing their demands for ending the five-day siege, officials said.

Amílcar Santamaría, a spokesman for President Roberto Suazo Cordova, said the eight heavily armed members of the Cinchonero Popular Liberation Movement had dropped their demands that the country's anti-terrorism law be repealed and that U.S. military advisers be ordered out of Honduras.

Officials identified the hostage released Wednesday as Danilo Valencia, a former Red Cross volunteer. They said Mr. Valencia was apparently freed because of his connection to the relief agency, which has been delivering food to the Chamber of Commerce building since the start of the occupation.

# Magazine Says Egypt Has Jailed 180

CAIRO — The authorities have arrested 180 Moslem militants in a new crackdown on remnants of an underground extremist organization held responsible for the assassination of President Anwar Sadat, a weekly magazine said Wednesday.

Government sources had earlier put the number of detainees at 58, but they had indicated that arrests were continuing. An official announcement last week said the newly arrested group plotted attacks on several Cairo jails to free imprisoned colleagues as a prelude to assassinations and acts of sabotage aimed at overthrowing the regime of President Hosni Mubarak.

An article in the weekly Al-Mussawwar, known for close connections with the government, said the Jihad organization had received financial assistance from the Jordan-based Islamic Tahrir, or Liberation Party, a group with extremist views and terrorist methods.

# Dutch Plan to Stop Ocean Dumping

THE HAGUE — The Dutch government plans to halt ocean dumping of radioactive waste this year, the Ministry of Public Health and Environment said Wednesday.

Ineke Lambers, deputy minister, has decided to make September's ocean dumping in the East Atlantic the last and develop a land disposal site instead, according to a spokesman, Wijtze de Back. "The solution will be to store on land; the problem is to find a place," said Mr. De Back. He added that municipal approval would be necessary.

Protests against the dumping intensified this summer when Greenpeace, an international environmental organization, carried out sea maneuvers to interrupt Dutch ocean-dumping operations.

Compiled From Agency Dispatches

# Arab Group Disagrees On Response to Killings

TUNIS — Arab foreign ministers meeting in an emergency session failed to agree Wednesday on concrete steps to take in response to the massacre of Palestinian refugees in Beirut.

The ministers did decide, however, on a collective protest by Arab ambassadors to Washington and a warning that U.S. persistence in "supporting Israel's war machine" could only undermine the credibility of its policy.

Both Libya and Syria rejected the final resolution, issued Wednesday afternoon.

Apart from condemning the United States, the resolution said the ministers decided to give emergency aid to the Palestine Liberation Organization, supported Lebanon's call for a return of multinational forces to the Lebanese capital and announced that Sept. 17, the day when the massacre was reported to have begun, would be a day of mourning in the Arab world.

The ministers also decided to work for the exclusion of Israel from the United Nations.

The representatives, who met in the special session overnight Tuesday and early Wednesday at the request of the PLO, said the massacre was only possible because of U.S. "material, moral, military and political support for Israel."

PLO demands for economic sanctions, including cutting down Arab oil output, were dismissed by such moderate nations as Sudan and Jordan. They said Arab nations should leave the door open to dialogue with the United States because it had signalled a more balanced Middle East policy, conference sources said.

An Iraqi proposal to temporarily recall Arab ambassadors from Washington appeared at one point to win favor from most delegations. But Foreign Minister Abd al-Halim Khaddam of Syria insisted that Arab nations sever relations with Washington, the sources said.

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## House Passes Order to End Rail Walkout

Law Will Take Effect With Reagan Signature

WASHINGTON — The House quickly gave final approval Wednesday to legislation ordering locomotive engineers to end a strike that officials say is costing the country up to \$1 billion a day.

After the 383-17 approval in the House, the joint resolution was to go to President Ronald Reagan for his signature. Larry M. Speakes, the deputy White House press secretary, said he hoped the legislation would reach the president by the end of the day, but he said he doubted that would be possible. The Senate approved the resolution by voice vote Tuesday night.

The legislation will become law immediately after it is signed, but it was not known how soon the trains would be rolling again. Union officials said they would order their members to obey the law.

**Fourth Day**

The strike by 26,000 members of the Brotherhood of Locomotive Engineers was in its fourth day Wednesday. The walkout has idled 10,000 other railroad workers, and Transportation Secretary Drew Lewis told Congress on Tuesday that up to 500,000 others in rail-dependent industries could be laid off within two weeks.

The walkout, which began at 12:01 A.M. Sunday at the expiration of a 60-day cooling-off period, involves a union demand that the engineers be guaranteed higher wages than other members of a train crew.

Mr. Lewis, in congressional hearings, hit hard on the strike's impact on the economy. He cited estimates that the shutdown, affecting nearly all of the nation's freight railroads as well as some commuter and Amtrak service, was costing the economy as much as \$1 billion a day.

The bill's approval by the Senate on Tuesday night was urged by leaders of both parties, including Senator Orrin G. Hatch, Republican of Utah, and Senator Edward M. Kennedy, Democrat of Massachusetts.

The measure was approved on a voice vote by the House Energy and Commerce Committee with little dissent before going to the full House for the vote.



President Ronald Reagan met Tuesday with three U.S. arms negotiators — from left, Paul Nitze of the negotiations on intermediate-range nuclear forces, Edward L. Rowny of the Strategic Arms Reduction Talks, and Richard Starr of the Mutual and Balanced Force Reduction Talks.

## Reagan and Arms Negotiators Meet; No Sign of Breakthrough Is Given

By Michael Gerdler

Washington Post Service

WASHINGTON — U.S. representatives in three sets of arms-control negotiations with the Soviet Union met Tuesday with President Ronald Reagan before heading back to the bargaining table. But they gave reporters no indication that a breakthrough was near in any of the talks.

Edward L. Rowny, who heads the U.S. delegation to the Strategic Arms Reduction Talks, said, however, that Mr. Reagan seemed encouraged that Moscow was moving "rather briskly" in these discussions on limiting intercontinental-range missiles and bombers.

Mr. Rowny said the pace of those START talks, which began in Geneva in June, was "much more rapid" than the tempo of discussions in the early 1970s that led to the first strategic arms limitation treaty, which has expired.

Although Mr. Rowny declined to discuss details of the Soviet position, reliable sources say that Moscow has proposed a ceiling of 1,800 missiles and bombers in each

nation's arsenal. That would represent a reduction of about 25 percent in Moscow's existing array of weapons and a cut of about 10 percent in the U.S. forces.

**Short of U.S. Plan**

While these reductions would fall far short of the 850-missile ceiling proposed by Mr. Reagan, the Soviet plan involves more significant cuts than Moscow has considered in the past. It has therefore attracted the interest of a few U.S. officials as a step in the right direction. The Soviet Union has also refrained from totally rejecting the U.S. plan.

The Soviet proposal, however, is certain to be rejected as it stands, sources in Washington say, because it does not go far enough and has several important drawbacks.

One is that it ties reductions in intercontinental-range missiles to a requirement that the United States not deploy new intermediate-range cruise and Pershing-2 missiles in Europe.

Another is that the Russians have proposed limiting, only the

number of launchers — the silos where missiles are based — rather than the number of missiles. This means that many extra missiles could be built and stored elsewhere and that it would be difficult to limit the number of warheads on each missile.

Mr. Rowny said the United States has not yet introduced a series of so-called "confidence-building measures" at the talks. Those measures, which are designed to reduce the risk of atomic war, were announced by Mr. Reagan in West Berlin in June. Mr. Rowny said he was hoping to get further instructions on the introduction of those proposals within the next several weeks.

The START discussions are to resume in Geneva on Oct. 6. The two superpowers are also to resume talks in Geneva on Sept. 30 on limiting intermediate-range nuclear forces, which involve missiles and aircraft based in Europe. The 8-year-old Mutual and Balanced Force Reduction Talks between NATO and the Warsaw Pact are to begin a new round on Thursday in Vienna.

Also attending the meeting with the president were Paul Nitze, the negotiator at talks on intermediate-range nuclear weapons, and Richard Starr, the chief delegate to the force-reduction negotiations. In a statement accompanying the meeting, Mr. Reagan said, "We are encouraged by the serious and businesslike conduct of these negotiations thus far."

## Study Lists 'Weaknesses' of U.S. Spy Agencies

By David Hoffman and George Lardner Jr.

Washington Post Service

WASHINGTON — The House intelligence committee, brushing aside objections from the CIA and other U.S. intelligence agencies, has voted at a closed-door session to make public a staff report critical of the performance of those agencies in Central America in recent years.

The report, scheduled for release Wednesday, was heavily edited to tone down several criticisms and respond to complaints from some members of the committee. For example, the phrase "rightist violence" was changed to "terrorist violence" several times in reference to the weakness of reporting on rightist violence from El Salvador.

A draft copy, reflecting the editing, was obtained by The Washington Post.

The study was commissioned

months ago by Representative Charlie Rose, a North Carolina Democrat who is chairman of the subcommittee on oversight and evaluation. He told a reporter Tuesday that the National Security Agency, the Defense Intelligence Agency and the CIA had opposed public release.

"They felt it should be a confidential slap on the wrist," Mr. Rose said. "I felt strongly otherwise. It's important that the public know our committee is not afraid to go public with criticism even though that criticism may not be pleasant for the intelligence community."

The 47-page draft covers intelligence reports and assessments during the administrations of Presidents Jimmy Carter and Ronald Reagan, and it raises repeated questions about instances in which administration policies may have had skewed intelligence gathering.

"The basic concern is that tendentious rhetoric, including occasional oversimplification and misstatement, can drive out some of the needed collection and analysis," the study concludes.

The study repeatedly emphasizes what the committee staff described as the high quality of most intelligence reporting from Central America. But the staff said that it wanted to "sound an early note of concern about the larger costs that might be incurred by the particular kinds of weaknesses" found. Shortcomings included:

- A major intelligence briefing for the committee last March 4 on outside communist support for the Salvadoran insurgency was "flawed by several instances of overstatement and overinterpretation."
- At one point, the committee was told that "lots of ships have been traced" from the Soviet Union to unloading points in Nicaragua, but a later, written response conceded that "only a small number had actually been tracked all along the route."
- A slide at the same briefing on "guerrilla financing" indicated that Salvadoran guerrillas were receiving about \$17 million a year for addition to weapons, but the calculation was an extrapolation "based on a single piece of evidence indicating the monthly budget for a commander of one faction on the front."
- Assurances by a CIA official last February that Salvadoran army theories had made much progress in reducing acts of violence by their forces turned out, on further committee inquiry, to have been based solely on statements from the Salvadoran Defense Minister about disciplinary actions for fractions such as drunkenness and a thievery.

## Panel Backs Reagan on Arms Budget

Los Angeles Times Service

WASHINGTON — The Reagan administration's record military budget has sailed virtually intact through a key congressional test, confounding some assessments that Congress had returned from its Labor Day recess in a budget-cutting mood.

The Senate's defense appropriations subcommittee approved allocations of roughly \$232 billion, about \$13 billion less than requested by the administration but in line with budget cuts already endorsed by the Pentagon and the White House.

"Nothing, basically, has been cut in this bill," said Senator Ted Stevens, Republican of Alaska, the subcommittee chairman. "We just slowed down the rate of growth of some programs."

The subcommittee bill would increase military spending \$28 billion from the level for this fiscal year, which ends Sept. 30. The measure includes full financing for the MX missile system, the B-1 bomber and two nuclear aircraft carriers. It includes money for an increase in troop strength and for more planes, ships and missiles.

**Warning About Future**

The subcommittee action came as the Congressional Budget Office warned that Congress, by approving "down payments" on expensive new weapons, was locking itself into heavier and heavier military spending in future years, when the final bills for these weapons will come due.

In approving the two new aircraft carriers, for example, Congress is appropriating only \$25 million to be spent in fiscal 1983. By 1987, however, it will have been obligated to pay out the full \$6.8 billion cost, plus about \$11 billion for support ships to make up each planned new carrier battle group.

## U.S. Prayer Bill Remains Blocked

The Associated Press

WASHINGTON — Senate conservatives failed Wednesday for the third and possibly final time to halt a liberal filibuster against legislation that would legalize organized prayer in American schools.

Amid indications that the Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, would soon call a halt to the emotional floor dispute, the Senate voted 54-46 against limiting debate.

The vote on the measure meant the conservative supporters of the prayer measure fell six votes short of the 60 needed to restrict further debate to 100 hours.

The prayer measure, which is sponsored by Senator Jesse Helms, Republican of North Carolina, would strip federal courts of authority to rule on school prayer cases.

**Liberals Denounced**

Senator John P. East, Republican of North Carolina and a supporter of Mr. Helms, accused the liberals of refusing to allow a majority of the Senate to work its will.

Senator Dale Bumpers, Democrat of Arkansas, said the Senate has an obligation to block any legislation that would give the government the authority to write a prayer for the classroom even if children are not required to participate in the reading.

Mr. Baker said that even if Mr. Helms and his followers are able to force a vote on the prayer issue — which now seems unlikely — the legislation will not clear the Senate before Congress adjourns in early October.

The prayer amendment is attached to a bill on the federal debt limit that must clear Congress by Oct. 1 or the government will be without authority to borrow money to pay its bills.

Mr. Baker said Wednesday that he would use Senate rules to remove the prayer amendment or any other additions that might interfere with passage of the debt-limit bill.

Earlier, Senate liberals said two previous procedural victories showed that they will ultimately win the prayer fight.

**Victory Predicted**

"We have beaten them," Senator Daniel Patrick Moynihan, Democrat of New York, said after the Senate refused on Tuesday, 53-47, to end the filibuster. "We have broken the radical right."

In Tuesday's vote, Mr. Helms picked up only three votes more than he had in the first vote on limiting debate Monday.

Mr. Baker said that he would call together the main figures in the monthlong debate on the so-called social issues and look for some way to resolve the fight.

In Tuesday's vote, 28 of the Senate's 46 Democrats voted to keep the filibuster alive and thus to avert an on-the-record vote on the prayer legislation. Both sides have predicted the Senate would pass the prayer measure if there is such a vote on it.

Mr. Moynihan, Senator Lowell

## Florida Hears 'Bullet Train' Plans

5 Nations Vie for Miami-Orlando-Tampa Rail Project

By Barry Bearak

Los Angeles Times Service

TAMPA, Fla. — Representatives of five nations have made sales presentations for their own version of a high-speed "bullet train," each trying for the inside track to a possible multimillion-dollar Florida project similar to one planned in California between Los Angeles and San Diego.

The Florida route would most likely link Miami, Orlando and Tampa. A special committee appointed by the governor is looking for a system that could make the 250-mile (400-kilometer) trip from Miami to Disney World, the amusement park near Orlando, in 80 minutes.

**Japanese May Have Edge**

Businessmen from Japan, France, Britain, West Germany and Canada made presentations Tuesday. Their ideas ranged from a Canadian plan for a slower train pulled by a conventional diesel engine to a German train that glides on air four inches above its track.

"Everybody starts even, and nobody has an advantage," said John Parke Wright, the Tampa committee chairman who heads the review committee.

Still, it appears that the Japanese have an edge. They have close

connections to the American High Speed Rail Corp., an American booster of the bullet train. Also, a subsidiary of the Japanese National Railway is conducting a \$1 million feasibility study in Florida, using a grant from a Japanese foundation.

The Japanese conducted a similar study concerning the Los Angeles-to-San Diego route, and Governor Edmund G. Brown Jr.'s administration and the California Legislature concluded that the Japanese had the only technology worthy of consideration.

Last month, the Legislature passed a bill to press ahead with development of the bullet train project by private industry.

That bill, passed without the usual committee hearings, exempted the project from environmental review. It also authorized issuance of \$1.25 billion in tax-exempt state revenue bonds for the \$2-billion train. Japanese investors are expected to put up \$500 million, with the remainder coming from investors who buy securities of the American High Speed Rail Corp.

Florida, although more deliberative in hearing proposals, may be following the same course.

Alan S. Boyd, chairman of the American High Speed Rail Corp.,

endorsed the Japanese technology, saying the Shinkansen bullet trains had shown themselves safe at speeds as fast as 160 mph since 1964.

A representative of French National Railroads, however, said that its bullet train between Paris and Lyon was as reliable as the Shinkansen and that the French train held the world's rail speed record, 256 mph.

A spokesman for the German high-speed system said that 256 mph would be merely existing speed for the new magnetic-levitation trains that move on air without rolling contact with the rail.

**Prototypes in Operation**

He said the German system costs no more than a bullet train, and offered the committee the prospect of a Tampa-Orlando run of 19 minutes, Orlando to Miami in 54. He conceded, however, that the system is now operational only in prototypes.

Representatives of Canada and England urged consideration of slower, less-expensive trains that might better fit the market.

Marshall Beck, representing Bombardier Inc. of Canada, announced that his company would undertake its own study of the Florida railroad market.

## NATO Committee Is Divided Over Military Chairman

Reuters

BRUSSELS — The military committee of the North Atlantic Treaty Organization, the alliance's highest authority on defense, is split over who should be its next chairman, NATO sources said Wednesday.

The West German Defense Ministry nominated General Jürgen Brandt after members of the committee had already agreed to ask General Cor de Jager of the Netherlands to succeed Admiral Robert Falls of Canada at the end of his two-year stint, the sources said.

The Bonn government has since applied pressure in favor of General Brandt, said to be a protégé of Chancellor Helmut Schmidt, to the annoyance of senior NATO officers who view the matter as damaging to the committee's prestige, they said.

The United States, Britain, Spain and perhaps Italy are said to be supporting General Brandt, but he is unlikely to get the required majority when the committee votes later this week, the sources said.

Admiral James Ebovie of the Channel area, is a possible compromise candidate.

The military committee is made up of representatives of the NATO countries' chiefs of staff. Its chairman is NATO's most senior officer, who is an adviser on defense matters at ministerial meetings.

## Senate Report Finds FBI Inquiry Into Vesco and Libya a 'Disgrace'

By Robert Pear

New York Times Service

WASHINGTON — The Senate Judiciary Committee has issued a report charging that the Justice Department's undercover investigation of Robert L. Vesco and his links to Libya was "a shame and a disgrace."

The 56-page staff report, released Tuesday, concluded that the Federal Bureau of Investigation had "created a conspiracy" and "seemingly lost sight of its mandate to uncover crime, not create it."

The report said that "a special prosecutor should have been appointed" to investigate allegations that Mr. Vesco, a wealthy financier, attempted to bribe White House officials in the Carter administration to halt extradition proceedings against Mr. Vesco.

**Airplanes for Libya**

While investigating this allegation, the Justice Department received information suggesting that Mr. Vesco had tried to obtain the release of airplanes for Libya by contacting Carter administration officials, including Hamilton

Jordan, chief of staff in the Carter White House, and John C. White, former chairman of the Democratic National Committee.

Shipment of the planes had been blocked because of Libya's support for terrorist organizations.

The Judiciary Committee report said there were "serious inconsistencies" in Mr. White's sworn testimony before the committee and a federal grand jury in New York. In addition, it said that he "got special treatment" from federal prosecutors, who advised him "with specificity" of the allegations and evidence against him.

**Vesco Still at Large**

In a telephone interview Tuesday, Mr. White denied that he had received special treatment, saying he had endured "agony, innuendo and adverse publicity" before the Justice Department announced in November 1981 that no charges would be filed against him.

The FBI had no immediate comment on the committee report.

Mr. Vesco remains a fugitive and was last reported to be in Nicaragua. The U.S. government still wants to bring him back to the United States to face charges relat-

ed to the looting of a mutual fund and an illegal contribution to the 1972 re-election campaign of President Richard M. Nixon.

The committee said: "The nature of the co-conspirators and the crime that was the object of this conspiracy, namely to subvert American foreign policy, demanded special care and attention. The FBI, however, gave no thought to the investigation's profound implications for foreign policy and, if anything, was careless about monitoring the actions of its informant."

"It is well that justice is blind," the report said, "for she would not care to see what has been wrought in her name."

## Soviet Sailors Seek Asylum

United Press International

ANKARA — Two Soviet sailors who jumped from their ship as it sailed through the Bosphorus Strait have requested asylum in Turkey, the newspaper Günaydin reported Wednesday. The paper said the sailors jumped into the water Tuesday and were picked up by Turkish fishermen.

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## Free Democrats Drop In West German Poll After Leaving Schmidt

By James M. Markham  
New York Times Service

BONN — Amid signs of mounting disarray within the small Free Democratic Party, an opinion poll released Wednesday showed that its national support had dwindled to only 2.5 percent of the electorate after it decided last week to abandon Chancellor Helmut Schmidt's government.

The poll, conducted by the respected Allensbach Institute in the previous three days, was unsettling news for Hans-Dietrich Genscher, the Free Democratic chairman and outgoing foreign minister, who has been sharply criticized by the party's left wing.

Late Tuesday night, a caucus of the party organization in Bremen joined regional groups in West Berlin, Schleswig-Holstein and Hamburg in demanding a special congress to reconsider the decision to switch alliances in Bonn. Four of the 11 regional organizations are required to summon such a congress.

Contesting in Wiesbaden for state elections that will be held Sunday, elections that could be crucial to the survival of the liberal party, Mr. Genscher told reporters that the move to call for a special party congress was "a legitimate demand."

But in Bonn, Günther Verheugen, a Genscher loyalist who is expected to resign as party general secretary, said that the earliest an emergency congress could take place was Oct. 16, well after the new coalition with the Christian Democrats will have been consummated.

The last Allensbach poll, taken in July, gave the Free Democrats 5.1 percent of the vote, compared with the 2.3 percent now. The new poll put the Christian Democrats' share at 52.7 percent, down from

53.7 in the summer, and showed that Mr. Schmidt's Social Democrats had rallied from 31.4 percent in July to 36.8 percent since his defiant call for new elections on Friday when the old coalition collapsed.

The sounding also found that support for the Green movement of ecological and anti-nuclear protest had dipped slightly, from 9 percent in July to 7.8 percent. Allensbach also reported that 75 percent of those polled supported Mr. Schmidt's call for immediate new elections, whereas 82 percent favored the breakup of his coalition proper because the two parties could no longer work together.

The somber news for Mr. Genscher came as he was engaged in sensitive negotiations in Bonn over the distribution of portfolios in the cabinet to be led by Helmut Kohl, chairman of the Christian Democrats. The Christian Democrats, together with their sister party in Bavaria, the Christian Social Union, and the Free Democrats have pledged to make Mr. Kohl chancellor on a so-called "constructive no-confidence" vote against Mr. Schmidt on Oct. 1.

In an effort to buck up party morale, Mr. Genscher sent a letter to Free Democratic leaders Wednesday justifying the decision to leave the Schmidt government. The letter said that divisions within the chancellor's Social Democrats had made it impossible to follow a coherent foreign policy or struggle against unemployment.

He asserted that support for "our courageous decision" to join the Christian Democrats was growing. "Ever more voters recognize," he wrote, "that it is worthwhile to support this courageous Free Democratic Party."

That just the opposite may be true is worrisome for Mr. Kohl, too. The Christian Democratic



Chancellor Helmut Schmidt took the wheel of a Rhine riverboat Tuesday while campaigning for state elections in Hesse.

leader cedes Mr. Genscher and a relatively credible Free Democratic Party as a counterweight to his conservative Christian Democratic colleague. Franz Josef Strauss, who believes that his Bavarian organization should be the new government's preeminent partner.

As a result of these tensions, the vote in Hesse state on Sunday has taken on considerable importance. Should the Free Democrats tumble below the 5-percent cutoff limit needed to gain representation in

the state legislature, Mr. Genscher's hand in the coalition bargaining will be weakened — and, to an extent, Mr. Strauss's strengthened.

Moreover, poor showing in Hesse will give fresh ammunition to Mr. Genscher's critics and doubters within the Free Democrats, possibly increasing the chance of a challenge to his leadership at an emergency party congress next month or at one already scheduled to be held in West Berlin on Nov. 5.

## Soviet Mission Will Go to China To Seek New Talks, Sources Say

By Michael Weisskopf  
Washington Post Service

BEIJING — The Soviet Union will send a high-level diplomatic mission here next month in the hope of persuading Chinese officials to resume political talks for the first time in nearly three years, according to European officials.

China, however, has refused to commit itself to any discussions or even to acknowledge the coming Soviet visitors as official guests, the sources said. Instead, they will come as private guests of the Soviet ambassador.

The mission will be headed by Deputy Foreign Minister Leonid F. Lychev, who was the chief negotiator at the last round of Chinese-Soviet talks before China suspended them in late 1979.

Beijing, which broke off top-level government dialogue with Moscow after the Soviet Union intervened in Afghanistan in December 1979, publicly disavows knowledge of the trip but is expected to provide some forum for discussions with the delegation at least as an act of courtesy, the sources said.

Any talks would be preliminary and would not deal substantively with the major obstacles that have provoked enmity between the two communist powers for more than 20 years, diplomats said.

"The Chinese feel very uncomfortable with the high level of this visit, which was imposed on them unilaterally by the Soviets," said a European diplomat. "But they say, 'If the Russians ask for a visa for Mr. Lychev, how can we refuse it?'"

Trying to exploit tensions in U.S.-Chinese relations over American arms sales to Taiwan, Moscow began urging Beijing last spring to normalize relations.

China, while pledging never to play "the Russian card," has taken several small steps to improve economic and cultural relations, boosting trade this year by 44 percent, inviting Soviet athletes for sporting matches and sending professional delegations to Moscow.

But Beijing has kept its political distance from the Soviet Union and ruled out any normalization until Moscow pulls its military back from China's border.

Last month, Yu Hongliang, head of the Soviet desk at the Foreign Ministry, visited Moscow to test the latest Soviet overture. Sources said the Russians were unwilling to discuss the issues China considers most compelling — Soviet stationing of troops in Afghanistan and on the Chinese-Soviet border and arming of Vietnamese forces along the Chinese-Vietnamese border and in Cambodia.

Nevertheless, Beijing has displayed an interest in broadening

its "people to people" relations with the Soviet Union while putting the larger strategic issues on hold.

The new moderation after years of hostility toward Moscow is seen as part of China's overall plan to stabilize its borders so it can focus on economic modernization. Recently, China has moved to settle its boundary dispute with India

while wooing North Korea with supplies of at least 20 newly built MIG-21 jet fighters and a lavish reception for the visiting North Korean leader, Kim Il Sung.

Diplomats also view the greater Chinese flexibility in dealing with Moscow as evidence of a strategy of positioning itself between the superpowers so as to enhance its bargaining position with both.

## Thatcher Begins Talks With Chinese Officials

By Christopher S. Wren  
New York Times Service

BEIJING — Prime Minister Margaret Thatcher of Britain arrived Wednesday in China for an official visit that is expected to center around discussions with the Chinese leadership on the future of Hong Kong.

Mrs. Thatcher, who flew in from Tokyo early in the afternoon, is the first British prime minister to visit China while in office. She made a trip to China in 1977 as opposition leader of the Conservative Party.

Her visit comes at a time when the British colony has been experiencing financial jitters in anticipation of 1997, when the British lease on 90 percent of Hong Kong's territory is scheduled to expire.

No Specific Proposals

The prime minister is understood to have come to China with some ideas about an eventual solution but no specific proposals. She is expected to try to find out what the Chinese leaders, who have been sending out conflicting signals, have in mind for Hong Kong.

Mrs. Thatcher is being accompanied here by Sir Edward Youde, the British governor of Hong Kong.

Upon arrival, Mrs. Thatcher was accorded a ceremonial welcome, complete with an armed forces honor guard and chanting schoolchildren, before sitting down with Prime Minister Zhao Ziyang for her first round of talks.

The meeting dealt with international issues, British sources reported. Mrs. Thatcher said Wednesday night that Hong Kong would come up in the discussion of bilateral issues when she meets with Mr. Zhao again Thursday morning. She is scheduled to see Deng Xiaoping, China's foremost leader, on Friday.

Another issue in her visit here is the status of Chinese-Thai trade, which has been running more than 2-to-1 in China's favor so far this year. Statistics published for the first seven months of 1982 disclosed that China imported only

52.3 million pounds (23.8 million kilograms) of British goods while exporting 121.2 million pounds of its own products to Britain.

Criticism in a Toast

In a dinner toast at a state banquet held Wednesday night in her honor, Mrs. Thatcher implicitly assailed the Soviet Union, telling Mr. Zhao that China's opposition to hegemonism, its code word for expansionism, was a concept that Western Europe understood.

Western diplomats in Beijing do not expect Hong Kong's future to be resolved during Mrs. Thatcher's visit, but they think that she might press the Chinese to set up a structure for continuing joint discussions of the complex problem.

The issue has been discussed quietly since last spring through the respective embassies in each capital, according to a Chinese source who has followed the situation.

Britain is thought to favor an arrangement that would acknowledge ultimate Chinese sovereignty over the colony while letting the British keep governing after 1997. A similar compromise already exists between China and Portugal in Macao.

Australia Food Exports To Meet Islamic Code

CANBERRA, Australia — The Australian government will ensure that meat exported to Islamic nations is prepared in accordance with Moslem religious requirements, Parliament was told Wednesday.

Trade Minister Doug Anthony, in answering questions on an official report that revealed widespread corruption in the meat industry and inefficient supervision by the local Moslem authorities, said the government was considering forming a single authority to oversee exports to the Moslem countries. Australia has a multimillion-dollar meat export trade with the Middle East.

## Spain's Socialists Try to Allay Business Fears

Bankers Remain Unconvinced by Platform as Elections Approach

By Susan Roberts  
Reuters

MADRID — The Spanish Socialist Party is trying to calm edgy businessmen and bankers with a moderate economic platform, but it has not had much success.

The Socialist leader, Felipe González, whose party is expected to win the national elections Oct. 28, says he has no miracle cures for Spain's economy, which has an inflation rate of about 15 percent and two million unemployed, or 16 percent of the normal work force.

But one of the main planks of his election platform, to create 200,000 jobs annually by stimulating investment and cutting the work week, is considered unrealistic by many in the business and banking community.

"At first glance, there are depressing similarities with France," an economist said.

Details of Plan

The Socialists say the extra jobs will be created by reducing employers' social security payments, introducing early retirement and setting a standard work week of 40 hours, which will eventually be reduced to 35 hours.

Mr. González plans to stimulate production and investment by encouraging banks to extend credit to worthy projects.

But banking sources said President Francisco Mitterand had failed to curb unemployment in France.

NEWS ANALYSIS

France with similar plans to increase jobs. They added that they plan to create employment during the next few years can have only limited success because of the world recession.

Some bankers, as well as the Socialists' opponents, said such moves to stimulate employment will only aggravate Spain's public-sector deficit, which last year stood at 618 billion pesetas (\$5.5 billion), or 3.6 percent of the gross domestic product.

They are also skeptical about the Socialist plan to fight inflation, though Mr. González aims to curb it with certain price controls on some public services and basic products not subject to normal market competition.

But uncertainty over the implications of a Socialist election victory

has caused jitters on the country's four stock exchanges. In Madrid last week the Bourse index fell to the year's lowest level on five successive days.

The stock-exchange slide started at the end of last month, soon after former Prime Minister Leopoldo Calvo Sotelo dissolved the Cortes and called for the October elections.

There were some market rumors that the right, aware that the Socialists were likely to win, was engineering a decline deliberately to spark alarm. But this was denied by the research director of the Bourse, Alberto Carroloza, who said the fall was due to normal pre-election pressure, and by Mr. González.

"Why should this happen?" Mr. González said, adding: "We have the confidence of 90 percent of the banking system."

Nationalization Plan

Bankers said they were relieved at the limited nationalization program of the Socialists, who say they would put only the national power grid under state control. According to Mr. González, the pri-

rate sector appeared to be healthier on the whole than the public and there was no point in further nationalizations.

The Spanish Socialists, unlike their French counterparts, have not alarmed high-income earners with plans for increased taxes but say they will concentrate on improving the existing, notoriously inefficient, system.

Regional Projects

One element causing concern, especially among foreign banks, is a plan to restructure the country's savings bank system. The Socialists would like to stop them from trading on the interbank market and to channel their funds into regional projects.

"It looks as if the Socialists would like to corner surplus savings bank funds for themselves, which could be very serious for us," a foreign banker said.

Some foreign bankers said that if the Socialists came to power they would find it difficult to abandon lightly the existing commitment to the interbank market because many government entities now borrow heavily on it.

## Poland Hints Solidarity Could Be Eliminated

The Associated Press

WARSAW — The Polish government suggested Wednesday for the first time since martial law was declared that it was thinking of eliminating the Solidarity trade union altogether and of building new unions from scratch.

Recommending the government daily newspaper, said in a commentary that it was "unimaginable" that the name Solidarity and its leaders still active in the underground could resume their work "as if nothing happened."

The lengthy commentary was signed by an "observer," a signature usually reserved for the government paper's toughest statements. It indicated the authorities may be preparing to reveal its plans for the future of unions suspended when martial law was declared Dec. 13.

"It is hard to imagine a situation when the name of the union, burdened with such a bad record, would return to public life as if nothing had happened," the paper said. "Activists of the suspended union... should have thought better of the political consequences of their actions."

The paper listed a series of "negative facts" associated with Solidarity. It mentioned the union's underground activities, actions against martial law, organization of illegal strikes, street demonstrations and riots, leaflet campaigns and distribution of brochures attacking the Communist Party and its authorities.

Criticism Sharpening

The union and its underground leaders have come under increasingly sharp criticism since the riots and protests of Aug. 31 that marked the second anniversary of the founding of Solidarity.

Recommending said the government had signed agreements with workers two years ago and "not Solidarity, which still did not exist as an organized structure then."

"The idea was to set up self-governing and independent trade unions, abide by the constitution and refrain from performing the role of a political party," the paper said.

Fugitive union leaders have said any attempt to dismantle Solidarity could lead to renewed protests and disturbances.

New Attack

The government commentary coincided with a new attack on dissidents in the Communist Party paper, Trybuna Ludu. That attack for the first time placed two top Solidarity leaders in the ranks of dissidents, calling them "commanders."

one of Solidarity's top three leaders, had worked with the dissident Committee for Social Self-Defense, or KOR, on an "anti-Polish" campaign during the union's congress in Gdansk a year ago.

The article also depicted the KOR and union leaders as local agents of U.S. and NATO plans to promote "annihilation," "anarchy" and "civil war."

Meanwhile, Henryk Kuron, father of the KOR leader, Jacek Kuron, was buried here Wednesday in a ceremony that was held without his son, Jacek Kuron, who has been held in prison since martial law began, was allowed 20 minutes at his father's coffin before being taken back to jail.

About 1,000 people attended the service, but no incidents occurred. Henryk Kuron died at 77 last Friday and was not involved in KOR activities.

## OAS Rights Unit To Check Charges Against Guatemala

Reuters

MEXICO CITY — An international team of human rights investigators has arrived in Guatemala at the same time that a leftist peasant group was alleging that 4,000 civilians had been murdered since President Efraín Ríos Montt came to power five months ago.

The Inter-American Human Rights Commission, which is affiliated with the Organization of American States, was invited by the government to check reports that the Guatemala's Army and security forces had been involved in widespread and systematic killings of civilians.

In Mexico City, the newly formed Peasants' Committee of the Altiplano said in a statement that the Guatemalan government had killed 4,000 civilians, most of them peasants, in a series of massacres since General Ríos Montt assumed power in a military coup March 23.

Diplomatic sources and aid officials in Mexico have said that the 18,000-member Guatemalan Army began using scorched-earth tactics after the president declared a state of siege and ordered a military drive against leftist guerrillas.

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## Reading Skills in U.S. Withering, Experts Say

By Lawrence Feinberg  
Washington Post Service

WASHINGTON — While virtually everyone in the United States now learns how to read, the country faces a serious problem with the large number of people who choose not to read or only read simple "dumbed-down" material, a panel of experts and publishers said this week.

Most of them pointed with concern to the stagnant circulation of daily newspapers and to flat sales of books. They blamed the problem on the allure of television and the failure of schools to set high

standards. Some suggested it might be a consequence of mass literacy itself.

Regardless of the cause, they said America's "a-literate," or people who can read but do not, make the country's technological economy. These non-readers also create a danger for democratic government, they said, by opening themselves to political manipulation.

The exchange took place at a conference on "a-literate" sponsored by the American Enterprise Institute, a center for public policy research in Washington.

'Colder Reality'

"The problem lies in the gap between our expectations for universal intellectual equality and the colder reality," said Townsend Hoopes, president of the Association of American Publishers. "Obviously, in a world of increasing social, economic and technical complexity, the power will gravitate to those with the greatest knowledge. And if the gap between the educated minority and uneducated mass is too great, the opportunities for political manipulation will grow."

Nick Timmesch, a former newspaper columnist who now is a resident journalist at the American Enterprise Institute, said, "It is not difficult to conjure up an Orwellian world where lower-income and minority people become television's biggest audience, and people who do a lot of reading become the

decision-makers, even the elite class."

But another panelist, Kent Rhodes, president of the Magazine Publishers Association, noted that magazine sales have risen rapidly. "There is evidence that people are reading more even if they aren't reading things that intellectuals think they should be reading," Mr. Rhodes said.

Art of Simplification

"I'm not so worried about simplification of text," he said, referring to complaints that many articles and books have been "dumbed down" for people who cannot or will not read anything complex. "There is a great art to doing that well."

## Test Scores of College-Bound in U.S. Rebound for First Time Since 1963

New York Times Service

NEW YORK — Both the verbal and mathematics scores on the Scholastic Aptitude Test rose this year for the first time in 19 years.

Marked an upturn in what has become a leading barometer for measuring the condition of the nation's schools.

The average score for seniors who graduated from high school in June was 426 on the verbal part of the standardized test and 467 on the mathematics section, compared to average scores last year of 424 on the verbal part and 466 on the mathematics part, according to the College Entrance Examination Board, which sponsors the testing program. Scores range from a minimum of 200 to a maximum of 800 for each of the two sections.

In 1963, the year before the string of declining scores began, the national averages were 478 for the verbal score and 502 for the mathematics score. No conclusive explanation has been offered for the past declines, and the cause of

the improvement this year is also apparently unknown.

George H. Hanford, president of the College Board, said in a statement, "This year's rise, however slight, combined with last year's holding steady, is a welcome sign for educators, parents and students that serious efforts by the nation's schools and their students to improve the quality of education are taking effect."

## South Korean Students Said to Hold 3 Protests

The Associated Press

SEOUL — Students upset with the South Korean government and critical of Japan reportedly demonstrated Wednesday on at least three university campuses in Seoul. Plainclothes police were reported to have broken up the protests.

Witnesses said about 200 students took part in a protest at Yonsei University, criticizing the South government and denouncing Japan for revising textbook accounts of Japanese behavior in World War II. About 1,000 persons reportedly took part in a similar protest at Sungkyunkwan University. A third protest was reported at Ehwa Women's University.

## 3 Slain in Shooting in Italy

United Press International

CROTONE, Italy — Gunmen killed a man and two 9-year-old girl relatives Tuesday in Italy's southern Calabria region in what police said was one of a series of

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# Herald Tribune

Published With The New York Times and The Washington Post

## A Future for Lebanon

Many foreigners have virtually written off Lebanon. They see its politics as a jungle and the solution, if they think any at all is possible, in a Syrian-Israeli partition or condominium. Many Lebanese, however, are conspicuously unready to yield up their chances for a national rebirth, notwithstanding the divisions that have rent the country and the cruelties that have been inflicted upon its citizens, often by each other.

The clearest evidence of their faith is that they are clinging to the rail of the Lebanese constitution, which mandates the start of a new six-year presidential term today. In August, Bashir Gemayel was elected, even though the country was still a war zone occupied by foreign powers. He was cut down last week — his death cost Lebanon its distinction as the lone Arab country not to have lost a head of state to violence. By Tuesday, however, the Lebanese had collected themselves and replaced him with his older brother, Amin.

What stands out in Tuesday's election in parliament is that Gemayel's would-be competitors among his fellow Maronite Christians fell away, and his Moslem erstwhile rivals united to make him Lebanon's first one-ballot president by a margin of 77-0, with three abstentions. Enough is enough, every-

one seemed to be saying. The vote for Bashir had been 57-1, with four abstentions.

Bashir Gemayel was first of all a militia leader in Lebanon's civil war who had made an impressive but late start at trying to conciliate Lebanon's disparate factions. Amin Gemayel, a 40-year-old lawyer who has been a leader of his clan's Phalangist Party and has served in Parliament for 12 years, is regarded as better suited by temperament and experience to bring Lebanese together. This reputation helps explain why Moslems accepted his disavowal of any Phalangist responsibility for the West Beirut massacre, although some Phalangist militiamen — renegades, he says — did take part in it. The worrisome flip side of this explanation, of course, is that Mr. Gemayel may not control his men.

That he will be sorely tested goes without saying, not least by Israel, which, despite everything, still seems inclined to use its Lebanese presence to bargain for an early peace treaty with Beirut — a treaty whose premature making would put at jeopardy the consensus that is Lebanon's best prospect for escaping from darkness. Mr. Gemayel will need full help from the United States and all of Lebanon's other friends.

— THE WASHINGTON POST.

## Deng's Triumph in China

What happened at China's 12th Communist Party Congress was mainly symbolic and mainly predictable. Maybe Deng Xiaoping did not get all that he wanted, but it was made fairly clear that he is in charge of the party that rules a billion people.

By again downgrading Mao Zedong, erasing his post of "chairman" from the hierarchy and banishing Mao's chosen successor from the Politburo, the Congress reconfirmed the supremacy of Mr. Deng and his more pragmatic brand of Marxism.

But confirming history is the function of Communist Party congresses. With rare exceptions, such as the 20th Soviet Congress that exposed Stalin's crimes, these conclaves are pseudo-events. Their purpose is to ratify a course already taken. The triumph of Dengism was ritually sealed by Hua Guofeng's final demotion from the leadership; he was the last major Maoist, an accessory to the now condemned Cultural Revolution.

For Americans, all this should presage a period of stable relations with China, at least on essentials. A potentially disruptive dispute

over Taiwan was defused when President Reagan agreed to level down arms sales to the Nationalists on the understanding that the island would not be claimed by force. The deeper reason for Sino-American partnership, however, is the priority Peking will continue to give to economic growth.

It is Mr. Deng's vision that China can average annual growth rates of 7.3 percent until the year 2000. Production would have to quadruple. Foreign trade and investment are essential, and steady enlargement of a small private sector with energizing incentives. In short, there is a chance to widen and deepen the partnership begun by Mao and Richard Nixon and rooted originally in a shared alarm about Soviet aims in Asia. Increased contacts will occasionally bring frictions — witness Peking's rancor over the recent defection of a young tennis player. But the U.S.-China connection is weathering the deeper disagreements that arise from incompatible ideas about human and political rights. Interests can be shared even when values cannot.

— THE NEW YORK TIMES.

## Other Opinion

### Menachem Begin Must Go

Indo-Christian tradition contains no justification for the mass slaughter of men, women and children in two Palestinian refugee camps in Lebanon. The massacre exposes tragically the need for the people of Israel to replace the irascible government of Prime Minister Begin, which set out on the folly of re-invading Beirut. The Israeli military presence in Beirut must end immediately. That beautiful Mediterranean city and thousands of its innocent civilians have been butchered as a result of the military adventurism of Mr. Begin and Defense Minister Sharon.

Surely now, the people of Israel must make a moral as well as political judgment about the events of this past weekend in Lebanon. By re-invading Beirut instead of opting for peace through diplomacy, the Israeli government has contributed to more death and destruction. Of course the Reagan administration must turn up the pressure on the Begin government. But, more important, the people of Israel must see where the Begin-Sharon regime has led them.

Unless Israel gets a new government, the disproportionate militarism of Mr. Begin and Mr. Sharon will not be seen solely as the misguided actions of a particular governing party, but of the nation itself.

— The Raleigh (N.C.) News and Observer.

### 'A Weird Wonderland'

Were Alice, Lewis Carroll's famous character, to stumble into the halls of the United Nations' General Assembly, she might ask one of the delegates the same question she asked of Humpty-Dumpty in "Through the Looking Glass" — whether one can make words mean whatever one wants them to mean. Ignoring logic, rejecting consistency, the United Nations has fashioned its own strange reality, understandable only by venturing through the looking glass to a weird wonderland. A majority of about 100 nations, for example, consistently castigates the United States for such alleged crimes as trading with South Africa. Never mind that Zimbabwe does, too.

What thrives at the United Nations is a Humpty-Dumpty-like standard affecting rhetoric and practice. This amounts to a political culture, a mood and atmosphere, an evolved

system of practices dictating which behavior is preferred and which taboo, what can be said and what best remains unsaid. It is a political culture dominated by a majority of developing countries, which are seduced or intimidated into extremism by a well-organized totalitarian minority. The result, as a top-level member of the UN secretariat admits in private, is the production of "non-sense." Many a seasoned delegate will agree that the United Nations has been staging a "theater of the absurd" for quite some time.

— The Heritage Foundation (Washington).

### The New Dutch Parliament

The election results in the Netherlands have tended to clear the air. The gains made by the right-wing Liberals and Socialists show a marked move toward polarization. On the other hand, the makeup of the new government is no longer dictated solely by the arithmetic sum of party seats; at least in theory, various coalition permutations are possible. This means that the government, when it is formed, will at least represent affinity of policy and not be merely a shotgun marriage.

— Neue Zürcher Zeitung (Zurich).

### On Letting Paisley In

The Rev. Ian Paisley, the baroque anti-Catholic leader of militant Protestants in Northern Ireland, is not most Americans' idea of an ideal guest. Still, the State Department made a mistake last year in denying him the visa he needed to make an American lecture tour. A better reproach to the bigotry Mr. Paisley represents would have been a reaffirmation of the American belief that all opinions ought to be heard.

Now the State Department has relented. It [allowed him] to come to the United States to attend the funeral of a friend in California, apparently on the expectation that he would not use the service as a political forum.

That dispensation was still too crabbed. Mr. Paisley, like militant spokesmen for the other extreme on the Irish question, trades in a kind of rhetoric that most Americans find troubling. But so long as such views are expressed peacefully, their proponents should be treated the same way as other foreigners who want to bring their message.

— The Post-Gazette (Pittsburgh).

# Menachem Begin and the United States

By James Reston

WASHINGTON — There is no point now in lecturing Menachem Begin of Israel or in calling for his resignation. Presumably he is not immortal, and it would be a mistake to confuse him with the state he merely represents. He is not important but the state of Israel is.

It is for the people of Israel to decide whether he stands for the honor of his country. The more outsiders presume to instruct them about what they should do, the more they are likely to resent interference with their internal affairs. Mr. Begin and Ariel Sharon, the defense minister, are Israel's concern.

The problem for the government in Washington — Congress as well as the president — is not to waste time trying to figure out what is in

Mr. Begin's mind or Mr. Sharon's mind (for all one knows, there is nothing in them), but to be clear about what is in the mind of the United States government.

Both the executive and the congressional branches of the government in Washington are clear that Israel is a strong and valiant nation, the only democracy and reliable military ally the United States has in the Middle East, but Mr. Begin is asking the American government to continue financing policies in Lebanon, in the West Bank and on the Gaza Strip that Washington not only opposes in the U.S. interest but thinks are a menace to peace and even to Israel's security.

Almost one-quarter of all U.S. foreign aid goes to Israel every year. It amounts annually to \$2.7 billion — or between \$3,500 and \$4,000 a year for every family of five in Israel, which is more than the unemployed get in Detroit. And the Israeli arms that destroyed the Iraqi nuclear facility, shot down the Soviet-Syrian missiles and invaded Lebanon and conquered Beirut came from the United States.

Accordingly, the Reagan administration is beginning to think that its private and public appeals to Mr. Begin are not working and that, however reluctantly, it must play its economic card and make clear to him that if he insists on his policies

in Lebanon, the West Bank and Gaza, he cannot continue to count on the economic and military support of the United States.

America is appalled by the tragedy of the massacre of the Palestinians in the Beirut camps. It does not blame the Israelis for this carnage directly, but it blames them indirectly. France has told Mr. Reagan that when its troops reached the refugee camps they were permitted to destroy the land mines but were forbidden by Israeli troops to protect the refugee camps. The Israelis subsequently opened the camps to their "Christian" allies, who murdered the occupants while the Israeli troops waited outside.

All this the Israelis deny, and it will take a long time to sort out the facts. But there is a suspicion at the top of the U.S. government that the Begin government was surprised by Mr. Reagan's speech proposing a general settlement of the Palestinian problem, with a freeze on Israeli settlements and self-determination for the Palestinians on the West Bank, linked to Jordan.

More than that, it appears that Mr. Begin and Mr. Sharon directed the invasion of West Beirut to create a crisis that would destroy the Reagan plan for a general settlement of the Palestinian problem. The massacre in Beirut has obviously put the Begin government on the defensive, even with its own people, and changed the question.

For now Mr. Reagan is insisting, after the massacre, that the Israelis get out of Lebanon; President Mubarak in Egypt has withdrawn his ambassador from Israel and is also insisting on withdrawal.

### American Aid

And the press and the people of Israel are demanding that the Begin government reappraise its policies and face the consequences of its actions and indifference.

Nothing is likely to be done, however, unless Mr. Reagan, like President Eisenhower in the Suez crisis, insists that Israel change its policy or face the loss of American economic and military aid. Mr. Begin is not persuaded by rhetorical threats from Mr. Reagan or anybody else. He is indifferent to the opinion of the world. He is convinced that he has right on his side, and he will fight for the biblical promise of Israel's lands, come what may.

You have to admire the prime minister's courage. He began by terror and he is being destroyed by it in Lebanon. He has gone too far and lost the support of many of his own people at home and many of the Jews in the United States.

The irony of this, after the massacre in Beirut, is that to save his government he must now leave Lebanon and start to negotiate a Palestinian homeland in the West Bank under the Reagan plan, which is the last thing he wants to do.

There is something sad, even tragic about Mr. Begin, fighting on his crutches to the end, quoting selectively from the Bible about Judea and Samaria and using "Christian" mercenaries, like the ghouls in the Middle Ages, to strip wounded refugees on the battlefield.

It is not only that he has been indifferent to the fate of the Palestinians in the Beirut camps, but that he has been unfaithful to the honorable memory of Israel.

The New York Times.



KALOS

## The Case Against Beginism

By Philip Geyelin

WASHINGTON — The Israeli government and those American apologists who marched lockstep with it into Lebanon had trouble enough making their case before the killing of President-elect Bashir Gemayel. And what now, after last weekend's slaughter of innocent Palestinian refugees by rampaging Christian militiamen whose very existence, if not their very act, owes much to Israeli support?

Not even by the most brazen dissembling can the case be made today. The sweep into West Beirut in the name of "stability" (and in violation of plain undertakings to the contrary) and its ghastly consequences have laid bare the bankruptcy of Israeli policy.

The more hollow the achievements of the Begin government prove to be, the more it must seek to achieve, in redemption of what it could not achieve. And so it goes on, in endless, escalatory pursuit of a sense of security that is unachievable by single-minded brute force.

The point is made most forcefully when Israeli "gains" are measured against Israeli claims. Consider, in composite, the argument set forth in recent days by Prime Minister Begin, Defense Minister Sharon, and Foreign Minister Shamir.

It asserts: the destruction of the PLO as a military force; the creation of a bright, new opportunity for Lebanon to regain its sovereignty; the smashing of the "infrastructure" of international terrorism; the prospect of an early peace between Lebanon and Israel; freedom for "moderate" Palestinians to participate in the autonomy process on the West Bank and in Gaza without fear of PLO retaliation.

The expulsion of the PLO means that international terrorism has been dealt a mortal blow," Mr. Sharon wrote a week or so ago in The New York Times. "The whole infrastructure of violence and revolution has been broken."

So how come the Israeli government is loudly protesting the continuing presence of PLO pockets of resistance in Lebanon as justification for Israel's continuing occupa-

tion? As for the crushing of PLO terrorism, the most significant single "mortal blow" of late was the killing of Bashir Gemayel — an act of terrorism which the Israelis instantly credited to the PLO.

Now that the PLO "terrorists" are gone, wrote Mr. Sharon, "I believe Palestinians will come forward prepared to negotiate with Israel on the autonomy plan proposed by Mr. Begin." No doubt — if Mr. Sharon means Israel's handpicked Palestinian collaborators on the West Bank. But if he is talking about the autonomy formula agreed to by Israel at Camp David, its prospects are further dimmed, as if by calculation, with every new Israeli affront to Arab moderates.

### Reagan

With the PLO now enfeebled, Mr. Shamir says "it will very soon disappear from the political stage. Who will pay attention to their speeches if there are not accompanied by atrocities and massacres?"

Pope John Paul II gave him a quick answer. So, indeed, did Arabs of all stripes at their Fez summit meeting. So have the Europeans. But that is not the worst of Mr. Shamir's astonishing claim. What he is suggesting is that the PLO, and by extension its vast legion of Palestinian supporters, cannot get

attention except by terrorist acts; they are damned if they do and doomed if they don't. By indirection, the Shamir argument would place a premium on PLO terrorism.

So much for the "gains." Now consider some other consequences of Israel's new imperialism — the one that Begin & Co. don't talk about. Ronald Reagan has a Middle East policy, updated from, let us say, the 1950s to at least the late 1970s. It is Camp David in its truest sense — with a role for Jordan. Mr. Begin hates it. But it was Mr. Begin's crude contempt for Ronald Reagan that created it.

Mr. Begin has only himself to blame, as well, for the splintering of what once was automatic, reflexive support among American Jews for Israeli policy. By what he did to enrage the Reagan administration, Mr. Begin has also given his own political opposition something to fasten onto as an alternative to the Begin theology that would lay claim for eternity to the West Bank as an integral part of Israel.

By no test can Mr. Begin's Lebanese adventure be rated a success. The minuses are his to justify as best he can. The pluses are Ronald Reagan's to build upon. This can only be done by finding some way to bring American influence to bear constructively on Israel.

The Washington Post.

## A Nigerian's Plea to Limit the Arms Trade

By Jonathan Power

LONDON — Olusegun Obasanjo was president of Nigeria from 1976 to 1979. A military man, he had been instrumental in the defeat of Biafra. He was responsible for returning Nigeria to democratic rule. Now in retirement, he lives on his farm outside Lagos. Some expect him one day to return to an important position, in his own country or, say, as United Nations secretary-general.

It is something of a surprise that a man who has spent most of his working life in uniform should today be arguing so strongly against the arms trade. Yet at a conference on disarmament earlier this year attended by political leaders from West, East and South, he was by far the most demanding in his prescriptions for limiting the arms traffic.

He convinced many of the participants that the industrialized countries should not assume too blithely that their policy of selling Third World countries more or less whatever these want is universally accepted among developing countries.

Zia ul-Haq, Indira Gandhi and Middle Eastern rulers make headlines with regular requests for new and better imported arms, but Gen. Obasanjo argues that, with the exception of movements fighting sophisticated South Africa, developing countries should be limited to the arms they can manufacture themselves. This would lessen both the amount of destructive power available and the involvement of outside powers, which often exacerbate conflicts.

It will only work, Gen. Obasanjo argues, if Third World countries take regional peacekeeping more seriously. No one was more disappointed than he that Nigeria's effort, together with Zaïre and Senegal, to maintain a peacekeeping force in Chad came apart at the seams. It was partly undone, he says, by the United States' decision to supply arms to His Highness Habre while publicly supporting the African peacekeeping force's effort to bring stability to the government of Goukouni Oueddei.

While African efforts to limit the arms trade are in their infancy, Latin Americans have been trying for more than a decade to engineer a common policy of restraint. In the 1974 Declaration of Ayacucho, eight Andean states committed themselves to create conditions for limitations of armaments and an end to their acquisition for offensive purposes, so as to dedicate all possible resources to economic and social development.

Cynics say that agreements to limit the sale of arms are doomed to fail-

ure. Yet as far back as the Middle Ages there were understandings among the Christian nations not to transfer weapons to the "infidel" Turks. Then there was the "general act for the repression of the African slave trade" signed in Brussels by the non-slave-trading nations, which prohibited the introduction of arms and ammunition other than flintlock guns and powder into a vast zone of the African continent.

More recently, there was the tripartite declaration of 1950 signed by the United States, Britain and France to inhibit an arms race between the Arab states and Israel by restraining sales. In 1955 it crumbled because the Soviet Union and Czechoslovakia concluded a major arms deal with Egypt, and France, unknown to her two partners, signed a secret sales agreement with Israel.

In 1967 there was another attempt, following a proposal by President Lyndon Johnson for arms control in the Middle East. It is believed that then Soviet Premier Alexei Kosygin

responded with a secret letter endorsing Mr. Johnson's ideas.

There is evidence that Washington and Moscow transferred far fewer arms to their Middle Eastern clients than were requested. Certainly they did not supply new and sophisticated equipment. President Anwar Sadat noted at the time: "It was clear that the statements — 'no peace, no war' — suited the superpowers. There was some agreement between them about the level of arms supplies."

In the end, the agreement broke down in 1972 partly because of political tensions again rising in the area and partly, it is alleged, because of Washington's decision to sell F-4 fighter-bombers to Israel.

The precedents may not be totally encouraging, yet they show a glimmer of light. If in the Middle East partial agreements were initiated, more lasting agreements should be possible in less combustible parts of the globe such as Africa and Latin America. Sadly, neither the Europeans, the Soviets nor the Americans have such discussions on the agenda.

International Herald Tribune.

The relationship has broken down recently, but major market fluctuations generally forecast real economic changes. Economist Young Kwon at Rutgers University reports that between 1951 and 1978, decisive market downturns typically preceded economic upturns by four months.

Although none of this necessarily means a reversal of the yo-yo market of the 1970s, a strong case can be made that real change has occurred. The cheap credit that fueled the inflationary, speculative 1970s no longer exists. Inflation is declining.

But the other case, almost as compelling, is that disinflation for years. Overburdened with debt, countries and companies will expand feebly. Sales, profits and employment will grow weakly, if at all.

The uncertainty underlines the stock market's place in the economic system. It is not the engine of change, but only one working part.

National Journal.

## LETTERS TO THE EDITOR

### 'In Bad Taste'

My nomination for the You Gotta Be Kidding Award goes to William Safire ("A Bid to Cut Israel's Backing," *1H7*, Sept. 17) for the comment, "It is in political bad taste for any leader to campaign against his government's foreign policy overseas." Criticism "overseas"? Everybody does it, all the time. "Bad taste"? The term is dainty for politics. I personally don't see anything "tasteful" in Middle East foreign policy, but then maybe I missed something.

T.F. AMBROSINI,  
Neully-sur-Seine, France.

### Not Laughing

In response to *Loy Aljan* (Letters, Sept. 7): One is tempted to laugh, at the expense of Ireland and the United States, at the suggestion that the British Army might invade Ireland and "keep on bombing and shelling Dublin until all IRA men are rounded up and shipped to their supporters in the United States." The danger is that in the blindly fanatical atmosphere of Northern Ireland there are

seriousness. Indisputable facts need therefore to be restated.

Such known Irish Republican Army or other terrorists as are found in Dublin are brought before the courts and imprisoned on conviction. There are no gun-toting IRA men walking the streets of Dublin.

There are internationally unique arrangements whereby any person living in Ireland suspected of terrorist acts in the United Kingdom can be tried, and if guilty be convicted and imprisoned in Ireland. In the British Parliament several prime ministers have acknowledged that less than 2 percent of violent crimes in Northern Ireland originate from outside that area. The fact is that IRA havens are in Northern Ireland cities and in border regions which are "no go" areas for British forces and police.

By British admission and definition, 98 percent of the members of the IRA, having been born in Northern Ireland, are British citizens, albeit reluctant ones. Because of Britain's failure to rule Northern Ireland fairly, the people of Ireland have been obliged in the last decade to double the size of their police force and army to keep out of the trouble the vic-

lence which emanates from the United Kingdom. The Irish police and army are in control right up to the border, while vast areas in Northern Ireland remain unpoliced.

The injustices in the Middle East will not be overcome by twisting the facts of the European disgrace of Northern Ireland or by implying that the United States in any way gives succor to terrorists of any kind.

ROTHIE RYAN,  
Member of the European Parliament for Dublin, Brussels.

### How to Vote

Many Americans who have lived overseas for years do not realize they have the right to vote in November's federal elections for congressmen and senators. Also, many of those who have previously tried to vote from abroad found it hard to register and obtain the absentee ballot.

This year improvements have been made. Notably, the State Department has made official a "Voter Registration Week" organized by the Association of Americans Resident Overseas from Sept. 19 to 26 to assist Ameri-

# The Market Is Up — Meaning?

By Robert J. Samuelson

WASHINGTON — Mark Twain's warning about dabbling in the stock market applies equally to writing about it. "October," he once said, "is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February."

Stock prices have risen roughly one-fifth since mid-August, and the strong temptation is to heed Twain's advice and ignore it. The market seems a casino that makes no sense. It improves while retail sales, industrial production and unemployment deteriorate. Why take this seriously?

The answer is that the market is a crude barometer of the economy's health. If it isn't strong, the economy probably won't be either. Economy and market advanced robustly in the 1950s and 1960s, both performed miserably in the 1970s. A weak market was associated with inefficient economic bacteria: high inflation, excessive debt, rampant speculation.

The contrast between the markets of the 1950s and the 1970s was between long-term investment and opportunism. There were good reasons for this. Between 1950 and 1965, stock prices nearly quintupled while consumer prices rose by about one-third. Between 1965 and 1981, stock prices increased by about half, but consumer prices nearly tripled.

What evolved, says Ralph Laib, the Paine Webber analyst, was a "traders' market." If you bought and sold at the right moments you could make money, but buying and holding stocks generally meant economic ruin. So individuals deserted the market. Between 1968 and 1980, the proportion of their financial assets (cash, stocks, bonds) in the market dropped from 45 to 27 percent.

Instead they hedged against inflation by buying real estate, farmland, and other tangible assets. The investment banking firm Salomon Brothers has reports that in the decade ended last June, institutional investors had an average of 13.7 percent annually, housing 9.9 percent, consumer prices 8.6 percent and stocks 3.9 percent.

### Inflation Down

For corporations, the market collapse contributed to rising debt burdens. Debt became cheaper, equity more expensive. Saying what happened — a decline in the price-earnings ratio — is easier than saying why. But most explanations have one thing in common: inflation.

If a herd mentality seemed to produce unrealistic highs in the go-go 1960s, the reverse may have occurred in the skeptical 1970s. Mr. Laib thinks the trading bias of big institutional investors accentuated the shift. (Pension funds, insurance companies and other institutions now account for about two-thirds of daily trading, compared with about one-fourth in the 1950s.) He says their investment managers are interested only in "low industries" will perform for the next three to six months.

The social importance of the market is that when it is working properly, it imitates the individual investor's need to make money with society's need to create true economic value. In the 1970s, it wasn't working well.

Will it now? The most likely cause of the recent surge in interest rates. By easing corporate debt burdens, lower rates should raise profits. They also make debt securities less attractive. This interest rate arithmetic explains why, in the face of lackluster economic news, a higher market is plausible. Lower rates also may foreshadow economic recovery.

The relationship has broken down recently, but major market fluctuations generally forecast real economic changes. Economist Young Kwon at Rutgers University reports that between 1951 and 1978, decisive market downturns typically preceded economic upturns by four months.

Although none of this necessarily means a reversal of the yo-yo market of the 1970s, a strong case can be made that real change has occurred. The cheap credit that fueled the inflationary, speculative 1970s no longer exists. Inflation is declining.

But the other case, almost as compelling, is that disinflation for years. Overburdened with debt, countries and companies will expand feebly. Sales, profits and employment will grow weakly, if at all.

The uncertainty underlines the stock market's place in the economic system. It is not the engine of change, but only one working part.

National Journal.

can all over the world to vote. Credit for this year's special effort should go to Henry Valentino, director of the Federal Voting Assistance Program, to the dedicated voting officers at the U.S. Embassy in Paris, and in particular to Mrs. Dean Ferrier, AARO vice-president and chairman of its Committee on Voting Rights.

If Americans want their voices to be heard in Washington they must vote in federal elections. Ballots should be requested now to vote in November. Questions should be addressed to U.S. embassies and consulates or to AARO, which is a Paris-based, nonprofit, nonpartisan public service organization.

STEPHANIE H. SIMONARD,  
President, AARO,  
Paris.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name, and address. Brief letters receive priority, and letters may be abbreviated. We cannot acknowledge all letters, but we value the views of the readers who submit them.

SEPT. 23: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Comparing Socialists

LONDON — The Daily Graphic, in an editorial contrasting French Socialism and German Socialism, says: "French Socialism is anti-militaristic, anti-patriotic, anti-colonial and anti-clerical. The French conceive their Socialism as they conceive most things political, in an atmosphere of class passion and wild doctrinaireism; the Germans, with characteristic sangfroid, organize their thoughtfully and dispassionately, according to the exigencies of their electoral propaganda."

In Paris, Le Figaro calls attention to the rupture between France's Socialists and Radicals declared at the congress at Nancy, and says that the separation was brought about by the will of the Socialists.

### 1932: Gandhi Fasts On

BOMBAY — Three days after the start of his "fast until death" in protest against the granting by Britain of separate electorates to India's millions of untouchables, Gandhi now appears in good health, and while he remained quiet in order to conserve his strength, his conversation with Hindu leaders, who visited him at Yeravda Prison, Poona, was animated by flashes of wit. Gandhi takes a little water — a few sips at long intervals. He has shifted his quarters closer to the gates of the prison, which are not only open for him to leave when he pleases, but for all who came to see him to enter. Eight years ago, he fasted for 21 days as penance for Moslem-Hindu communal riots.

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# COMMUNICATIONS TECHNOLOGY

INTERNATIONAL  
**Herald Tribune**  
Published with The New York Times and The Washington Post  
SEPTEMBER, 1982

**MAJOR ADVANCES** in the production and application of computerized information systems have brought the industrialized nations to the brink of the post-industrial era of the information society. The development of the microelectronic silicon chip opened the way for the convergence of the technologies of communication and computing. The computer, in the form of the microprocessor, has made it possible to process and store vast amounts of complex information. This decade began with radical progress in bringing down the size of computers and in applying the technology to everything from television transmission to telephone systems. But with the progress have come problems in marketing and distribution because of the boom in certain products, leading to confusion among buyers, and because of the complexities of applying current laws to industries of the future.

## Europe: The National Approach Wins Out Over Collaboration

By Joel Stratte-McClure

PARIS — European countries are individually formulating political and industrial approaches to communications in an effort to reverse trade deficits and penetrate the lucrative U.S. and Third World markets. Their current efforts range from deregulation to increased protectionism but, despite attempts to augment European collaboration, they maintain a basically chauvinistic posture to develop domestic communications industries.

In the past, Europeans have collaborated in space and data communications largely because costs prohibited a nationalistic approach. But they still insist on creating their own computer, military, semiconductor and telecommunications equipment.

Last month European Community countries created a cooperative fundamental research venture, the European Strategic Program for Research in Information Technologies, known as ESPRIT, to focus on microelectronics, software technology, advanced information processing, office automation and computer-integrated manufacturing. But there is justified

skepticism about ESPRIT and other transnational efforts.

Pan-European projects are not always successful because of conflicting national programs. The approach by France's Socialist government, for example, emphasizes technological independence in electronics and other high technology sectors.

The Socialists have made electronics one of seven mobilizing programs intended to dictate the country's technical and commercial thrust. They nationalized key companies in the industry — among them Thomson-CSF, Compagnie Générale d'Electricité, Matra and ITT France — and during the next five years will invest 140 billion francs. Fifty percent of this amount is destined for telecommunications and professional electronics, with the remainder split between components, consumer electronics data processing, software, aerospace, office automation and medical electronics.

Although the government contends French companies are autonomous in determining their corporate strategies, many corporate executives have refused to discuss specific orientations prior to the detailed gov-

(Continued on Page 10S)

## Satellite Technology Overtakes Prices, Reaches Consumer Level

By Michael Frenchman

LONDON — Go into any yacht harbor or marina today and you will more than likely see many "raft" sporting a small satellite mast on their sterns. Fixed to the top of the mast will be a white plastic cone looking rather like a futuristic street lamp. This is a satellite receiving and transmitting aerial used for navigation, which can pinpoint the vessel's position to within a few hundred yards anywhere in the world.

Such a device 10 or even five years ago would have been almost unthinkable from a price standpoint. But, today, thousands of small satellite navigation sets, costing in some cases less than \$2,000, are in use. This is one of the more common examples of civilian spin-off from the U.S. military space program.

Satellites and their different ap-

plications, particularly in association with cable television, now form the fastest growing sector in the communications business. Satellites are being used for all kinds of purposes apart from simple voice and vision communications. Scientists and agronomists use them to predict weather changes and crop harvests or as remote sensors for measuring variations in the temperature of the sea or to map possible valuable mineral deposits.

Rivalry between the United States and the Soviet Union over military "spies in the sky," whose cameras are said to be able to pick out car number plates, has led to an apocryphal story about the intense competition. It is said that on the roof of a CIA building are written the following words in Russian: "If you can read this you are at least five years behind."

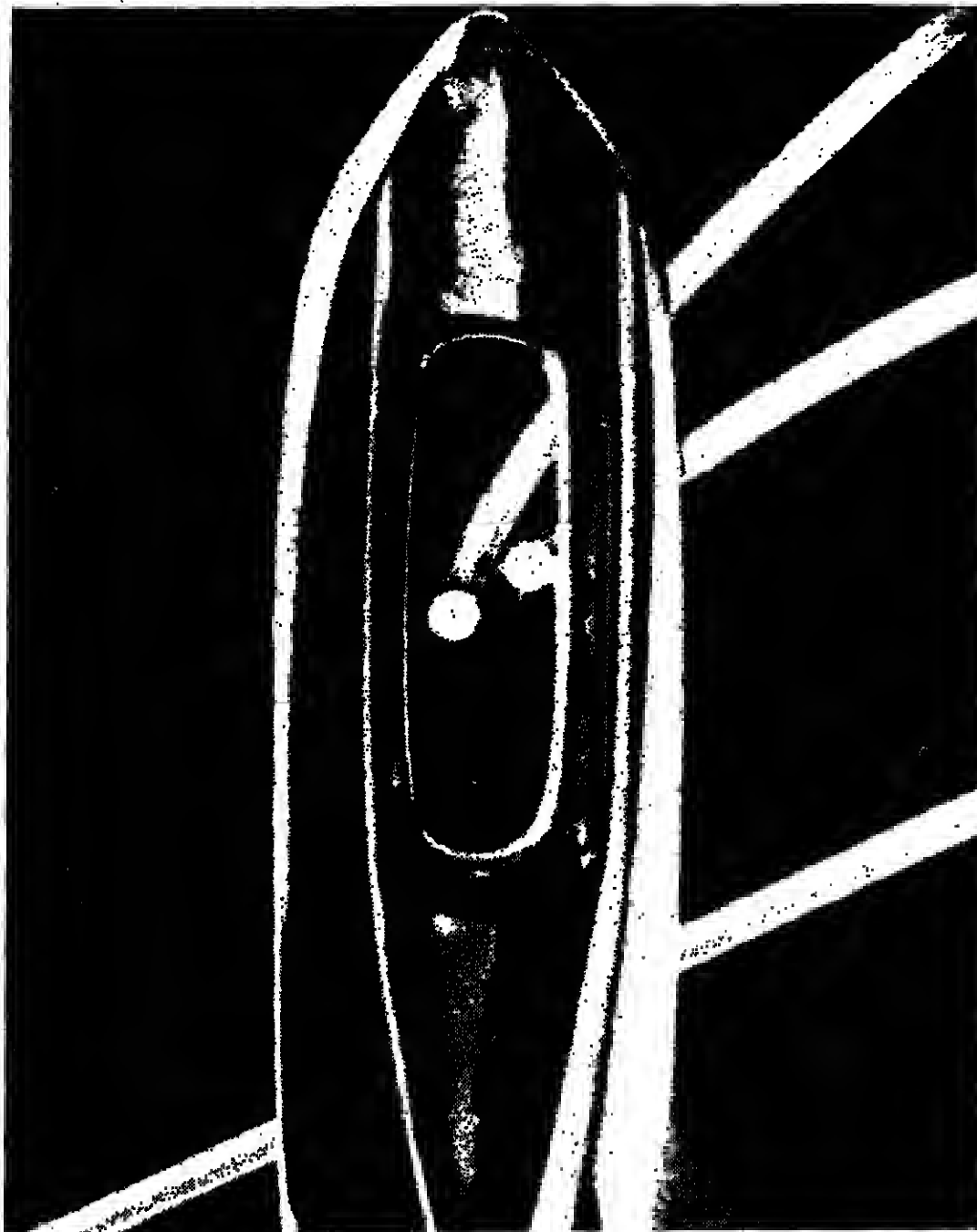
Following the successful launch

of Europe's first orbital test satellite (OTS 11) in 1978, the first hesitant steps were taken toward the practical realization of a European communication satellite. This would pave the path away from total dependence on the Intelsat system, which is backed by more than 100 countries.

Prime Objective

In the following year the European Space Agency began an investigation into the long-term future application of satellite broadcasting systems using the so-called L-SAT program for the development of larger multi-purpose satellites. Studies have been carried out into the production of suitable hardware for direct-to-home broadcasting. One of the prime objectives has been to adopt a design-to-cost principle to stimulate commercial competitiveness.

(Continued on Page 8S)



A pair of fibers can transmit 2,000 simultaneous telephone calls through the eye of a needle. Here are two forms of fiber — multimode and monomode — going through the eye of a needle. The multimode, with the larger core, is now in use in Britain's communications network. The higher performance monomode, with the smaller core, is not yet in use.

## Fiber Optics Growth Tied to Home Market For Limitless Data

By Bob Hagerty

PARIS — The prospects for fiber optics depend largely on how much data and diversion can be pumped profitably into the home and office.

For the layman, it is easy to be dazzled by lasers, light-emitting diodes and glass so pure that, according to British Telecom, a block 12 miles thick would be as clear as a windowpane.

But what fiber optics comes down to, said Malcolm Ross, an analyst here for the consulting firm of Arthur D. Little Inc., is "a way of sending a lot of information down a very thin pipe."

Fiber optics has potential wherever that capability is needed, Mr. Ross added.

As a means of carrying telephone signals over crowded trunk lines, fiber optic cables have already arrived. The cables — encasing strands of glass thinner than a human hair that carry messages as pulses of light — are not lab curiosities anymore," said a U.S.-based consultant. "They are now being used as the best alternative" on major telephone trunk lines in North America, Europe and Japan.

The possibilities of the cables are not limited to telephone signals. As an illustration of capacity, British Telecom says a fiber optic cable taking up one-tenth the space of a copper cable can carry about 10 times as much data.

This means fiber optics can flood the home and office with practically limitless amounts of information and entertainment. A business can send a 500-page legal opinion in a flash to an affiliate on another continent, and a family can summon a movie to its television set whenever it wants.

Consumer Flop

But the difficulty is in getting the consumer to pay for such services. British Telecom's Prestel information service, carried by standard phone lines, flopped with home subscribers, although it had some success with businesses.

Britain, France, West Germany and Japan, among others, are experimenting with residential fiber optic networks, but the outlook remains unclear.

Another question is who will make money on fiber optics. "I'm not sure anyone is going to make big money on this," said John S. Bain, a vice president at the New York brokerage firm of Lehman Brothers Kuhn Loeb Inc. But he admitted that the technology would help lower costs for telephone companies and other major information carriers.

Coming Glass Works, which was instrumental in developing fiber optics over the past 15 years and holds patents in the area, should also benefit. So should established telecommunications suppliers around the world. But for such giants, fiber optics is likely to remain a minor field, Mr. Bain said.

In London, a share analyst said that "one looks more closely" at such telecommunications suppliers as Plessey, STC and BICC in view of their fiber optic ventures. But, he added, the technology is not yet a major factor for investors.

One problem for the investors is that the business is spread among so many companies that it is hard to tell whether any is likely to make a killing.

At any rate, said Mr. Ross, "the money is not really in the glass." Instead, it is in the equipment needed to translate electronic signals into light, and vice versa, at either end of the cable, as well as in the protective wrapper around it, in the labor needed to make, install and maintain the cable, and in the flood of information that can be sent down the strands of glass.

However thinly spread, the market for fiber optic cables and parts like transmitters, receivers and boosters will grow about 40 percent annually in the next several years, according to Gnostic Concepts Inc., a Menlo Park, California, consulting firm. Gnostic estimated that the U.S. market, which accounts for about half of the world market, would total \$355 million this year, up from \$1 million in 1975.

The Writing on the Wall

Most of the money — about 69 percent, according to Gnostic — is going into telecommunications, where the technology appears to have caused little upheaval among suppliers. Most of the old-line suppliers have adapted their equipment to the needs of fiber optics. "They all saw the writing on the wall quite a long time ago," commented Ed Grabhorn, an analyst for Arthur D. Little in Cambridge, Massachusetts.

Analysts say, however, that the technology does open the way for some smaller companies to supply new parts and services.

Although economies of scale in production have not fully set in, authorities in the major industrial countries are expected to use fiber optics for most new land-based telephone links between major cities and e-

(Continued on Page 11S)

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# Increase in Capacity, Sophistication Aids New Regional Satellite Systems

By Robert Bailey

LONDON — The Arab Satellite Communications Organization's Arabsat voice and television system and Europe's L-SAT are among the dramatic advances the world is going to see in the next few years as satellite systems increase in capacity and sophistication and new regional systems go into orbit to the United States, Europe, the Middle East and the Far East.

After L-SAT is launched by the European Space Agency's Ariane rocket in 1985 — provided the rocket can overcome its present technical problems — it will be able to directly broadcast up to five television programs from space and channel 125,000 telephone calls, or a mixture of telephone, telex and TV traffic. It will not be long before domestic viewers tune into a vast choice of programs, using small home antennas and signal converters.

In the professional field, the possibilities are just as promising. The U.S. Satellite Business Systems consortium is developing a service that will provide corporate headquarters and factories in the eastern and central United States with their own 16.1-foot (4.9-meter) dish antennas to receive and transmit their telephone, telex and data traffic via two orbiting satellites. Teleconferences are also going to become commonplace, cutting down on repetitive executive travel.

## Increased Capacity

Regional satellite systems have been around for some time, but only comparatively recent electronic advances have given satellites increased capacity, and the promise of cheaper launches has encouraged their use.

The first practical use of satellites came in 1965, when the International Telecommunications Satellite Organization's Early Bird and the Soviet Union's Molniya satellites were launched.

Early Bird could handle 240 voice circuits or one television channel — the latest Intelsat V series will offer 12,000 telephone circuits plus two television channels. By 1990, an Intelsat VI series could provide up to 100,000 circuits.

As a result of the increase in orbiting satellite power and the ability

of domestic systems to take advantage of directional beams and the higher power, there has been a drop in the size and cost of earth stations.

In domestic systems, earth sta-

tioning this year a teleconference was held between businessmen in Cairo and three U.S. cities.

With the technical concepts now proven, widespread practical application cannot be far off, particu-

larly in regions such as the Middle East, where there is massive investment in telecommunications. Arabsat's first satellite is due to be put into orbit in February 1984. It is being built by the Ford Aerospace and Communications Organization and France's Aerospatiale to handle receiving and retransmitting signals for 8,000 telephone channels, seven television channels and one channel for community television reserved for educational programs. A second satellite is also scheduled to be launched and a third will be built as a ground spare.

Although a decision on awarding contracts for ground stations has yet to be taken, assuming all goes according to plan, Arabsat will serve 120 million people spread over 3,700 miles (6,000 kilometers) east to west from Jordan to Mauritania, and 2,500 miles (4,000 kilometers) north to south from Syria to Sudan.

One Third World speaker at the recent United Nations Unispace-82 conference in Vienna suggested that Arab countries build, launch and operate their own communications satellites. A space boycott, he commented, would be just as easy to operate as an oil boycott.

'Countries with large land areas and diverse populations have come to realize the potential of satellite systems...'

tions at remote sites can now carry light traffic, which would have been considered unprofitable in the past.

Countries with large land areas and diverse populations have come to realize the potential of satellite systems dedicated to their own regional use. The large increase in telephone, data and broadcasting traffic anticipated in the next 10 to 15 years is leading a number of countries to consider using their own satellites, rather than merely leasing transponders from Intelsat.

Canada was the first country to put domestic satellites into geosynchronous orbit — the technical expression for a satellite moving at the same speed as the earth — with Telesat Canada developing three series of Anik satellites.

In the developing world, Indonesia was quick to exploit space communications with its Palapa system, launched in 1976. Currently being upgraded, the system uses two Hughes satellites directed to some 40 earth stations located in Indonesia's 3,000-island archipelago. Every satellite has 12 transponders, each capable of transmitting 300 to 960 voice grade channels.

Palapa is also used by other Association of Southeast Asian Nations member countries lacking their own regional system.

One of the values of satellite communications is that access can be provided to centralized data and learning systems. In the mid-1970s, daily television broadcasts were beamed to 5,000 remote villages in India using a U.S. National Aeronautics and Space Administration satellite. More extensive communications services have been available since the launch last April of India's INSAT-1A multipurpose satellite.

The use of satellite technology in business is also growing, and

(Continued from Page 75)

by the European industry in international markets.

The ESA sees close collaboration with local community users as being of particular importance. The governments of Austria, Belgium, Britain, Canada, Denmark, Italy, the Netherlands, Spain and Switzerland have spent some \$20 million on the project, in which British Aerospace has been acting as the prime contractor for constructing the actual satellites in conjunction with GEC-Marconi.

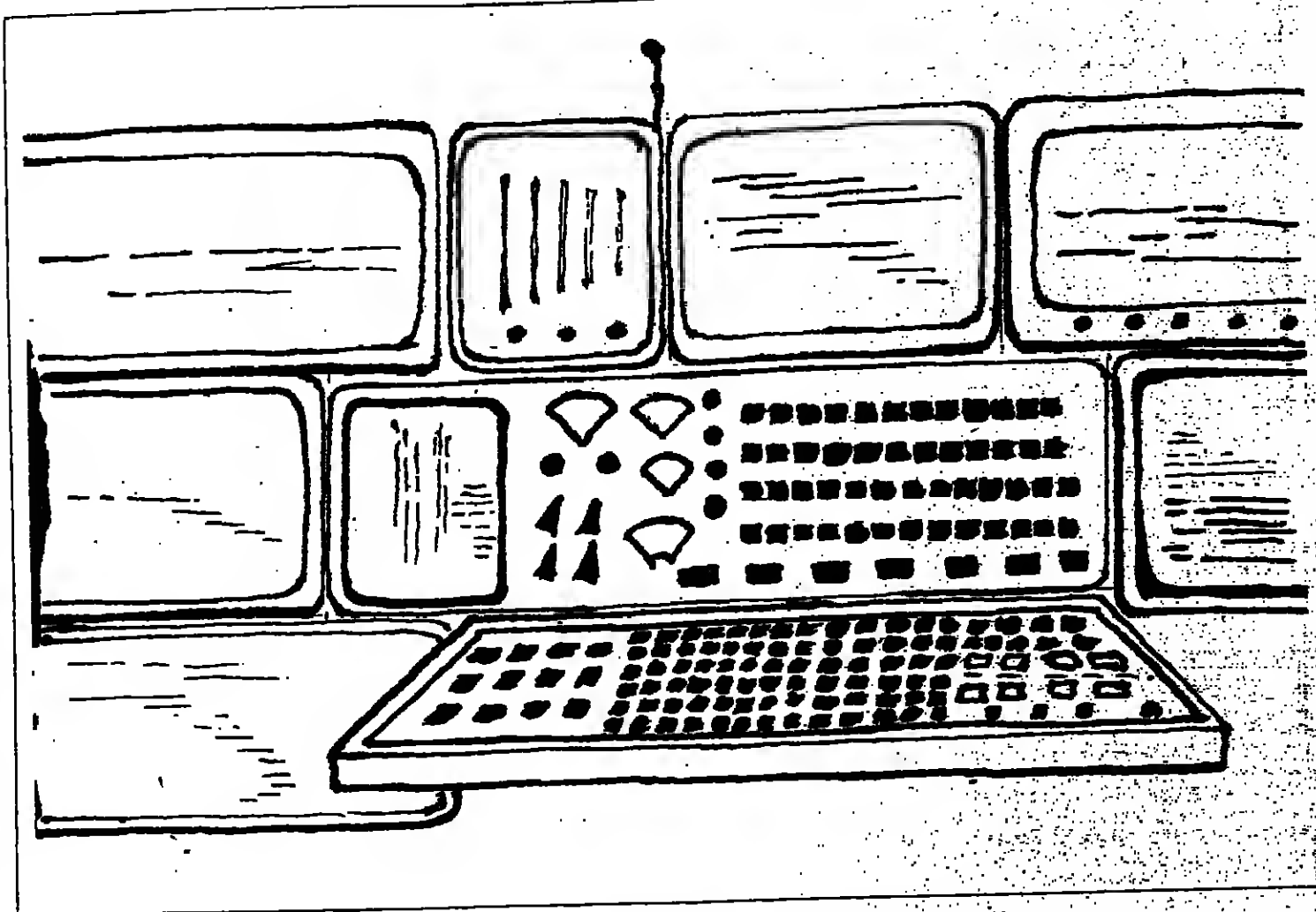
The OTS 11 was designed to beam signals from Helsinki to Algeria and from Belgrade to Madrid as well as all of Western Europe. Hopes for a far more sophisticated European satellite system were dashed with the ill-fated Ariane rocket, which crashed shortly after launching earlier this month. France, which has the majority 63-percent share in ESA, built the launch vehicle, which failed 13 minutes after takeoff from the range in French Guiana. It was

carrying two communication satellites built by Britain, Marecs B and Sirio 2.

ESA had placed high hopes on the Ariane launch, which cost \$1.2 billion, and plans for the future development of the European space program will have been put back by about half a year. But, according to some experts, this will not be a too serious delay. The latest Ariane rocket was designed to carry a payload of two tons. Future flights of the rocket vehicle were booked for the next four years.

Other satellites for the ESA will be launched by the reusable NASA space shuttle later this year. However, the shuttle's maximum payload for a satellite is limited to about half that possible in Ariane for almost the equivalent cost. At present, few countries have alternative options for satellite launch vehicles, which are limited to NASA or ESA's Ariane.

This does not include the Soviet Union, which has entered into a number of joint ventures with de-



## Applications Widening as Satellite Technology Brings Prices Down

veloping countries such as India. The Soviet Union in fact first fired the satellite path with the ubiquitous Sputnik back in 1957. This brought to reality the possibility of communication satellites envisaged 12 years earlier by Arthur C. Clarke, the British engineer.

NASA followed the Soviet Union, with the first practical communication satellite, used to transmit signals from one point to another over a short period. As launch vehicles became more powerful it became possible to put satellites much further out into space — 22,000 miles — where they remain in permanent or geostationary orbit until their useful life expires. Telstar was followed by Intelsat and a whole new range of communication satellites with a capacity of thousands of telephone and television link-ups.

Although many people regard satellites as "unreliable" this is far from the truth. Unhappily, the last few weeks has not been too good as an Indian satellite made by

Ford Aerospace finally stopped transmitting recently, causing a serious setback to India's rapidly developing space communications program.

According to Intelsat, 99.5 percent of satellite time is operative. A reflection of the confidence and effectiveness of their reliability can be gauged from the fact that insurance premiums on satellites are as little as 0.8 to 1.2 percent of the total cost of the project. Marecs B, carried by the crashing Ariane, was insured for \$18 million.

The sudden surge in the use of communication satellites is opening up a wide range of opportunities for future developments, many of them associated with cable television, well advanced in the United States but not so in Europe. Satellites have enabled television viewers the world over to simultaneously watch major events like the World Cup soccer or last year's British royal wedding.

Owen Paterson, of Britain's Visnews, believes one of the biggest business applications will be

"videoconferences" on an expanded international scale. With videoconferencing, the participants sitting in meeting rooms or studios thousands of miles apart can take part in simultaneous discussions via cameras linked to transmitters and satellites projecting perfect color and sound on to giant screens up to 30 feet wide.

"It is all much simpler than most people believe," Mr. Paterson said.

"We have the broadcast capability and the technology today," Visnews, which has been heavily engaged in international videoconferencing trials, is about to become one of the first organizations to launch its videoconferencing system on a global scale.

Mr. Paterson sees other developments in this field, including specialized videoconferencing studios in business organizations with high definition projection so that real-eyeball-to-eyeball discussions can take place on a personal or group level.

"You need this clarity and defini-

tion so that you can watch the other guy's face to see if he's lying anything when he's talking at you," Mr. Paterson said. "The eyeball-to-eyeball is very important."

Entertainment and sporting events are two areas that have already benefited from satellite television to a limited extent.

People like Geoff Potts, of London's Satellite Express, one of the world's pioneering satellite television impresarios and consultants believe that in the future a whole new world of entertainment will open up.

Working with Savile Artist last year, he brought the world welterweight boxing championship between Sugar Ray Leonard and Thomas Hearns live from Las Vegas to a packed London cinema.

Now he sees a whole new range of theatrical and sporting events that could be simultaneously transmitted live to all five continents, including possibly such items as Broadway opening nights.

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# COMMUNICATIONS TECHNOLOGY

## Viewdata, Teletext Systems Reach Era of Massive Sales

LONDON — One of the least published companies in the British system, the British Telecom Research and Development, has sold the British Telecom a 10-million-viewdata system for public maintenance and spare parts.

Viewdata and teletext are two communications systems using ordinary television sets or monitors.

communications systems using ordinary television sets or monitors pioneered just over 10 years ago by British Post Office research engineer, Sam Fedida.

The user can look at pages of information on the screen generated by a computer.

Viewdata uses telephone lines and teletext transmits its information with a piggyback signal on top of ordinary commercial television broadcasts.

Viewdata can only be seen on a television set that has been specially modified with a decoding device costing about \$175 or else on a viewdata monitor built for the purpose.

Teletext can be received on any broadcast television receiver.

Viewdata is marketed in Britain by British Telecom as Prestel and, after a period in the doldrums, is developing rapidly as an interactive information system for business and home use.

Its main disadvantages, as pointed out in a recent study, "Prestel in Use," by Prof. E. Scott Haynes of Cornell University, are the costs for the home user (telephone line and "frame" charges), poor indexing and, sometimes, inadequate information.

Because of the cost factor, British Telecom has directed its efforts in the past to attracting the business user.

In spite of considerable investment and promotion, only 18,173 sets — the vast majority in businesses — were in use at the end of July.

### Gateway System

But now, British Telecom is taking a leaf out of the West German Bildschirmtext trial Prestel service and has opted for what is becoming known as the Gateway system.

This important development means that the user can link his monitor to a number of different computerized databanks that can store millions of items of information.

This is the alternative to the rather limiting sources of Prestel information, which have come from commercial information providers who purchase frames from the operating company and in turn

charge the user each time he calls up the information on the screen.

Gateway will open up a new dimension for the British user and should mean lower costs if sufficient customers can be wooed by British Telecom.

Gateway will be able to offer some sophisticated features for the business user as it can be used as

an in-house or external system or a combination of the two.

As part of an additional campaign, British Telecom is negotiating with a financial institution, which it will not name, to provide direct banking facilities to 100,000 home users in a nationwide scheme.

The cost of viewdata has been a major impediment to mass development.

Mr. Fedida said he believed projects like Gateway and local network services should bring costs of terminals and other charges down to a minimum to help popularize their use.

"But it all takes a long time," he noted. "You must remember that viewdata and teletext have not been around for very long."

"After all, cable television was begun more than 20 years ago, and you only have to look to see how far we have got with that."

### Public Users Increasing

But services are beginning to spread, particularly throughout Europe where there are currently about a dozen operational systems, according to Carlo Vernim of the European Community.

Speaking at the New York Videotext Exhibition last June, he said there were about 50 million information frames available on videotext for viewdata systems and he expected the total number of public users to reach one million by the end of this year.

"Prestel for the People" is a campaign spearheaded by Britain's National Consumer Council to provide more services for ordinary users as well as to those in business.

The campaign offers a wide range of social information on legal and welfare rights and general consumer topics from Prestel sets in shops, post offices, public libraries and advice centers.

No charge is made for using the trial service, which is funded by the government.

France has provided free videotext sets to 2,000 households in another experiment, which provides three information services covering the stock market, weather and agriculture.

The users pay only for access time used via the telephone.

Several public broadcasting services provide subtitles for the deaf, such as Britain's Oracle and Ceefax services on commercial television and the British Broadcasting Corporation.

Sveriges Radio in Stockholm also does this and the Austrian broadcasting service carries subtitles in foreign languages as well.

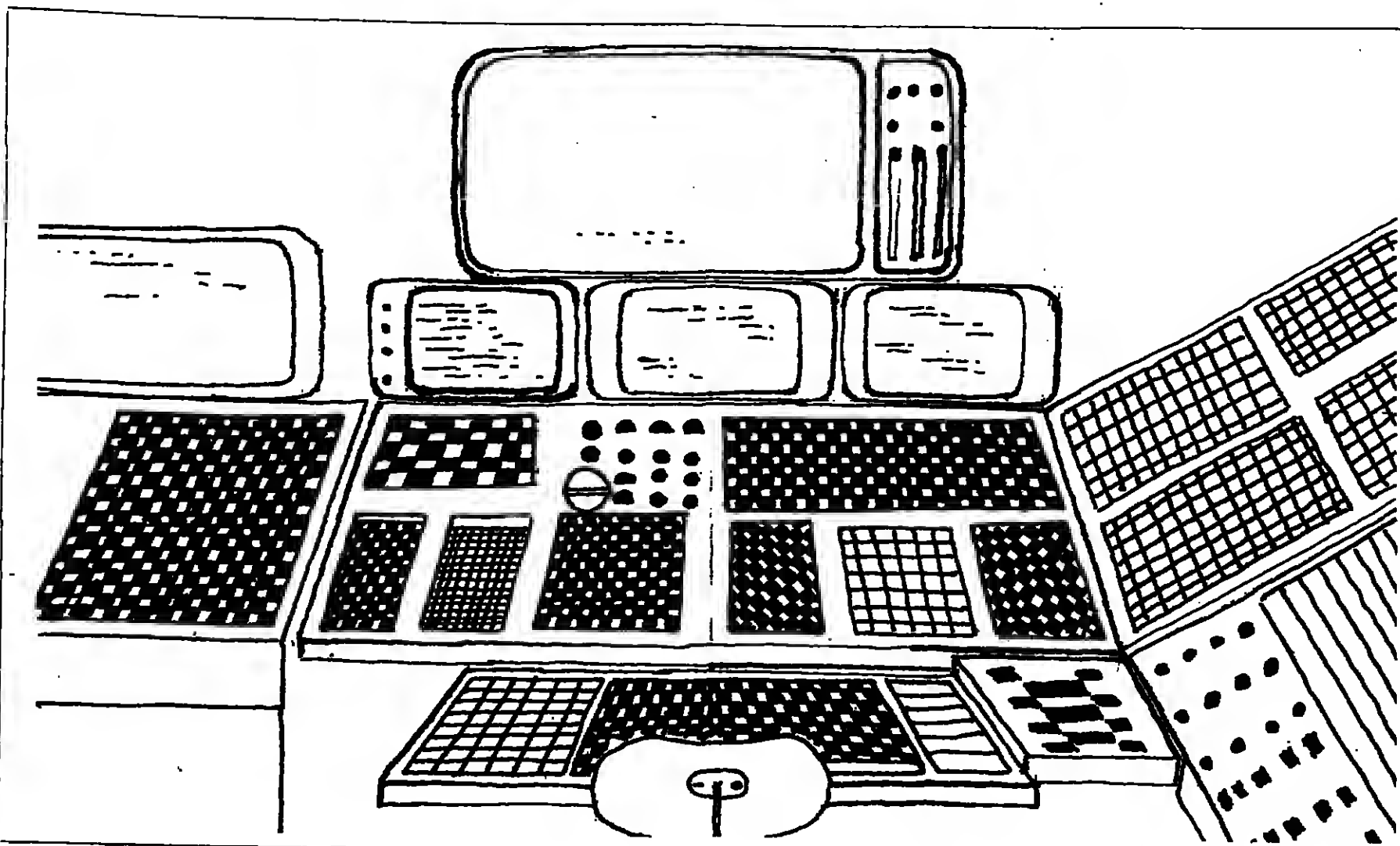
The United States, unlike Europe, has not fully entered the videotext stakes in spite of concentrated efforts by organizations like British Telecom to exploit the estimated \$12-billion market said to exist there.

But facing keen competition from the Canadians and the French, who have both developed their own versions of the British system, Prestel has made some progress in the United States where indigenous hardware development lags behind that from Europe.

However, the U.S. philosophy seems to find out first what kind of data the consumer needs before deciding on the best method of supply.

As a result, many of the best-known information providers like Knight-Ridder, Time Inc., CBS Inc. and Times-Mirror are investing heavily in the software side.

— MICHAEL FRENCHMAN



## Water, water every where...



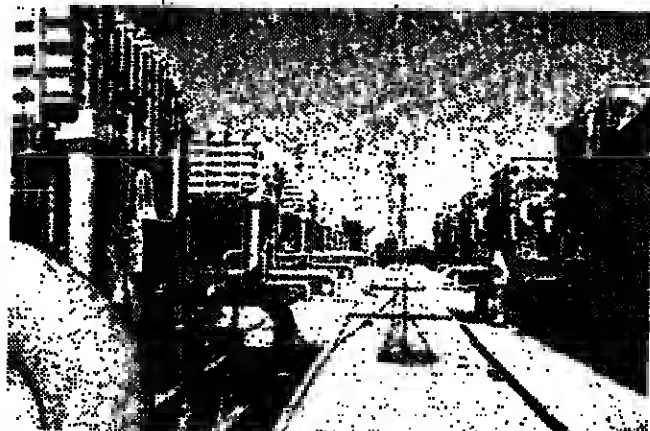
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## WORLDWIDE VIDEOTEXT DEVELOPMENTS

A brief summary of some of the videotext developments going on in other parts of the world:

Australia: ABC has been using the British system for three years and has introduced advertising. Other experiments are being carried out by commercial stations in Sydney.

Austria: ORF is using British teletext services and the PTT has adopted Prestel.

Belgium: RTB uses the French Antiope system.

Brazil: Brazil has a packaged deal for 2 million Prestel sets from Britain.

Canada: The Department of Communications has developed its own Telidon system and Bell Canada's Vista is similar to Prestel's.

Finland: YLE has been using the British standard teletext since 1977. Because there are about 60 private telephone networks, more than a dozen variations of videotext are being tried out. One of the biggest trials is a joint operation of Telset between government and commercial companies.

France: France has two main services — Antiope and Videotext. West Germany is one of the most advanced countries from a software point of view. Both television networks offer teletext and videotext with Prestel and Antiope. The Bildschirmtext is one of the best videotext services. West Germany also is one of few countries to draft videotext legislation.

Hong Kong: Hong Kong is expanding the British Prestel system.

Japan: Japan has its own Captains system. Language characters cause development problems.

The Netherlands: British Teletext and Prestel systems are in use. The PTT has its own Viditel service and a publishing group, VNU, claims its viewdata system was one of the first private services in Europe.

Singapore: Uses Prestel.

Sweden: Sweden was one of the first countries to adopt the British teletext system.

Venezuela: Venezuela purchased the Canadian Telidon system to use mainly for social information from public access terminals.

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CHARLES STUART, who provided the illustrations for this supplement, is a free-lance artist based in Paris.



# Europe on Verge of Cable Television Revolution; Explosive Growth Expected

By Isabel Bass

ONDON — Last year, cable was a wire that engineers laid the ground.

Today, it is replacing diamonds and computers as the hottest new area of investment.

This is because Europe is now in the verge of a cable revolution as vast and far-ranging as the one in the United States, and the coming years promise an explosive growth in the facilities offered to Europe's more than 250 million television viewers.

As the anticipated deregulation begins, Europeans should be able to use their television sets for everything from voting and electronic banking to fire and burglar alarms, and the new channels to be offered will provide a plethora of programs to the Continent, which has up to now been served almost exclusively by state-controlled fare.

Technical terms, such as multi-cable and tree-structured systems, or coaxial and fiber optics, are now steeped in political and financial innuendos as cable enters these arenas.

Nevertheless, cable is still simply a wire connecting a center point and a home or office and cable systems are not new.

There are an estimated 600,000 operational networks in Europe, serving 25 million households.

Finland already has a 6-channel cable and pay system with a 12-channel capacity in operation.

But the networks, most of which are fairly small, were built to provide better reception of broadcast programs and are controlled by the state.

In the densely cabled Netherlands, for example, more than three-quarters of all cable TV homes are in networks of less than 500, administered by cable operators but effectively controlled by the state postal system.

But Europeans, from government officials and industrialists to ordinary viewers, seem to have realized the tremendous potential that multichannel communications can offer.

"The whole environment has moved full circle," noted Patrick Whitten of the British market research company CIT Research, Ltd.

"Governments are putting forward recommendations for new services," added Barbara Lodge of Satellite TV, Ltd., Europe's vanguard independent ad-carrying TV service beamed from space by cable companies.

Nowhere is the change in attitude more evident than in Britain, which is now racing to get wired up.

The eagerly awaited government report is now expected not only to give the go-ahead to multichannel cable TV in Britain but also to urge its speedy introduction.

For some here, the £2.5 billion scheme — which the minister for information technology, Kenneth Baker, compared to the building of railways in Victorian Britain — represents a major stimulus to the British industry.

Earlier this month, Rascal Electronics announced plans to supply equipment and distribute programs for the whole of Europe — one of the first firms seeking to conquer world markets with information technology products.

Other possible beneficiaries here include construction companies such as Rediffusion, fiber optic manufacturers such as BICC and GEC, and owners of franchises for Britain's current cable experiment stations such as Thorn EMI and Rediffusion.

The British governments' underlying assumption seems to be that the initial investment outlay of £300 for wiring up a house here can be recouped by adopting the pay-TV system, which means getting the public to pay for new entertainment programs.

This is a financing argument prevalent throughout Europe, with France, Switzerland, the Netherlands and most other European countries announcing or preparing to announce coming pay-TV services.

"These are seen to hold the only prospect of attracting funds on a scale required to finance national broadband cable networks," said Mr. Whitten, who heads CIT's forthcoming West Europe cable TV study.

One snag is that European viewers may be neither as eager nor as able as their U.S. counterparts to pay for more entertainment.

This is because the video boom has already provided entertainment enthusiasts with an easily accessible library of Hollywood material, and the cost of mandatory television licenses such as in Britain are considered enough of a dent in the household budget.

The major hitch in what is hoped will be the explosive growth of channels serving Europe is that it might be rejected by the public. It takes more than investment money to convince people to purchase new products — especially in

times of economic recession. For nearly a year now, some Londoners have had the possibility of signing up for Showcable, an experimental pay-TV service covering part of the London area.

In spite of door-to-door campaigns, only 30 percent of existing cable subscribers joined, and hardly any non-cable households were

wooed into being wired up. Showcable's director, Allan Hill, explained that prospective subscribers found it hard to fork up the roughly £10 a month plus £25 connection fee.

A major task, he said, would be to educate people about cable. Such results have contributed to the financial community's wariness about leaping into cable. In fact, the feeling is spreading here that there will be few quick killings in the field despite the government's enthusiastic attitude. Still, the unexpected explosion of interest continues. Governments are beginning to see the political mileage that cable can bring. Bankers are starting to see numerous sources of

creative financing open up as regulatory issues are hammered out. And broadcasters are realizing that cable might help them replenish their fast-eroding funds. The only element apparently lacking for the growth of cable TV in Europe seems to be the consumer, who will probably be calling the shots for the first time in a long while.

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## Numbers of Subscribers to Cable TV Systems

Country	Number of Subscribers 31.12.1981	Penetration % of homes	Number of Subscribers 31.12.1972	Remarks
Argentina	Not Known	—	10,000	
Austria	250,000	2.5*		
Belgium	2,410,000	89.3*	327,473	About 45 Systems
Canada	4,050,000 (31.12.1977)	53*	1,398,469	
Denmark	800,000	50**		About 60 Systems (Helsinki: 72,000)
Finland	152,000		10%	
France	Not Known		80,000	Several Thousand in Small Systems (Melf)
Ireland	166,000	23*		
Germany (Fed. Rep.)	6,600,000	35*		
Luxembourg	65,000	50*	6,053	
The Netherlands	2,100,000	66*	50,000	
Norway	250,000**	23**		
Sweden	1,400,000**	46**		
Switzerland	1,000,000	50*	75,000	A.S.E.A.
Britain	2,640,000 (31.12.1977)	14**	1,800,000	
United States	23,220,000 (Nov. 1981)	25*	6,085,532	About 4,600 Systems

\* % of licensed TV sets

\*\* Council of Europe figures (31.12.1977) - (JMM-ME 78) 3

Origin of figures: ATA, RTD, ACTC, Helsinki Cable T.V., CTA, Cadinet, VECAL, ASEAC, NCTA, Kabel TV Vienna, Council of Europe.

Source: International Alliance for Distribution by WIA.

times of economic recession. For nearly a year now, some Londoners have had the possibility of signing up for Showcable, an experimental pay-TV service covering part of the London area.

In spite of door-to-door campaigns, only 30 percent of existing cable subscribers joined, and hardly any non-cable households were

wooed into being wired up. Showcable's director, Allan Hill, explained that prospective subscribers found it hard to fork up the roughly £10 a month plus £25 connection fee.

A major task, he said, would be to educate people about cable. Such results have contributed to the financial community's wariness about leaping into cable. In fact, the feeling is spreading here that there will be few quick killings in the field despite the government's enthusiastic attitude. Still, the unexpected explosion of interest continues. Governments are beginning to see the political mileage that cable can bring. Bankers are starting to see numerous sources of

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## France Begins Experiment With 'Viseophone' System

BIARRITZ, France — Around the middle of next year, French telephone authorities hope that people here will begin storing their telephones in the closet.

Instead of using those humdrum instruments, the officials hope, selected customers will employ their new picture-phones — or, to use the term the French are promoting, "viseophones."

The viseophones are the most exotic part of the "wired city" experiment France is conducting here as a showcase of its fiber optic equipment and a test of what kind of services people will pay for.

Beginning in mid-1983, 1,500 subscribers, mostly households, are to be connected to a network of fiber optic cables providing viseophone service, high fidelity sound, cable television and the chance to order films and a variety of other shows from a "bank of programs."

The viseophones, made by Thomson-CSF and Societe Anonyme de Telecommunications, combine a telephone with a 10-inch color screen for viewing the other party, and a videotex terminal that can be used to summon information from a distant computer.

As a precaution against breakdowns, old telephones will remain in the subscribers' homes, but officials hope the standard phones will be kept out of reach to encourage use of the viseophones.

People in France definitely want more TV programs, says Jean-Jose Wanegne, a marketing official for the French Telecommunications Authority. What other services they will pay for is harder to predict.

The changes to customers will not reflect the full cost of the system, which will be far too high to be profitable on such a small scale, but Mr. Wanegne says the trial will give some indication of the demand for various services.

French officials say they chose this Atlantic coast resort of about 30,000 year-round inhabitants because it is about the right size for such a trial and because the hilly terrain makes it hard for certain parts of the town to get good TV reception.

Authorities in West Germany, Japan and Britain also are testing fiber optic networks for home subscribers, but French officials say theirs is the largest experiment.

— BOB HACKETT

## Europe: The Nationalistic Approach Wins Out Over Collaboration

(Continued from Page 7S)

ment plan that is expected to be released over the course of the next few months.

Turnover increases

The French electronics industry increased its turnover by 16 percent to 83.2 billion francs in 1981, with exports accounting for 32.3 billion francs — but there is a troublesome trade deficit of 1 billion francs. Although the French have a strong base in professional electronics and telecommunications, imports exceed exports for active and passive components; radio and television; hi-fi and stereo

sets; test, measurements and control equipment and automation, computer and office machine equipment. The French goal is to export 50 percent of their electronic equipment by 1985 and reduce the trade imbalance with the United States and Japan.

The previous French government established a strong telecommunications industry and the French are completing an advanced digital telecommunications network. They have a technical lead in areas such as digital switching, public packet networks and new telematique products and have defined some international stand-

ards and protocols. At the same time, despite numerous efforts, they have failed to produce an internationally competitive computer components or instrumentation industry.

There is a substantial difference in the Socialist approach to telecommunications. The last government, for example, planned to give everyone in France an electronic directory to replace expensive paper directories. While this idea is now portrayed as dictatorial, it solved the formidable problem of getting a multipurpose terminal to the consumer and provided the production capacity to penetrate ex-

port markets. The Socialists want to give the consumer the right to choose either directory, which will substantially reduce the production volume.

The Socialists also want to be more "democratic" in their approach to exports. A code of conduct is being formulated by the government to govern trade deals with developing countries. Presumably companies exporting communications equipment will be asked to take a more egalitarian approach — taking technical requirements and financial means of the purchaser into consideration rather than just the bottom line.

The user is extremely important and, although we won't alter our thrust into digital communications, the key to development is voluntary participation in our programs," said Jacques Delors, director general for telecommunications, noting that the French will introduce itemized telephone bills and smaller paper directories because of user demand. "We must reduce the cost of equipment to provide reasonably priced telecommunications networks to the



# COMMUNICATIONS TECHNOLOGY

## Demand Outstrips Capacity Of Cable TV Systems in U.S.

By Terry Gross

NEW YORK — U.S. cable television executives are discovering that the recent growth of their industry, which was so astounding that even they were surprised, is going to be a tough act to follow.

From being what one observer called "the hottest ticket in Media-ville," cable television now faces a number of problems, most of them directly related to its success.

Cable's revenues totaled \$3.3 billion in 1981, and analysts expect that to climb to about \$4.4 billion this year. Cable now serves 28 million households in the United States out of a total of about 85 million with television sets. New subscribers are being added at a rate of 250,000 to 300,000 a month.

At that clip, by 1985 cable will reach nearly half the homes with television in the United States. New subscribers are not the problem.

Cable has received so much publicity that almost everywhere cable does not now penetrate, it is eagerly awaited. No wonder, considering what is available.

### Services Offered

At a bare minimum, a cable salesman can knock on any door in any town and offer at least some of the following basic program services: Cable News Network and a number of others providing news 24 hours a day; ESPN, 24 hours a day of sports; Financial News Network; ARTS; The Weather Channel; Nickelodeon, a 13-hour-a-day service for young people; Black Entertainment TV; SUN Television Network, Spanish-language programming; National Jewish Television; Christian Broadcasting Service; ETERNAL Word TV Network, and about 30 others.

In addition, and for a little more money each month, viewers can get Home Box Office or The Movie Channel, both featuring first-run movies; Showtime; Superhighway of the Month; Escapade/Playboy and Eros, featuring adult entertainment; and a number of others.

New programming is not the problem either.

Perhaps a dozen of the 47 services now available have begun this year.

The industry's problems fall into three categories: Cost, competition and customer service.

In addition to the ever-increasing cost of building new cable systems, the industry is equipment-dependent, and new equipment is expensive.

Large costs entail large debts, and high interest rates have proved painful for the cable industry.

"Cable is in a very expansionist period," said Mara Miesnick, an analyst who follows the industry for Smith Barney, Harris Upham.

"As a result, earnings of most of the companies have been depressed."

She said that "many companies showed 40 to 50 percent growth until last year," and added that right now it is a question of "when profitability is going to catch up with subscribers."

"Any of these companies, if they cut off capital spending, could turn on the cash-flow faucet immediately," she said.

Most, however, are committed to major building projects.

For example, Cox Communications Inc., which operates Cox Cable Communications, the fourth-largest cable supplier in the United States, currently is developing systems in New Orleans, Louisiana; Tucson, Arizona; Libertyville, Illinois; Michigan City, Indiana; Great Neck, New York; and Vancouver, Washington.

The company's cable assets — equipment, etc. — surpassed its television broadcasting assets in 1977, and grew about 25 percent in 1978, 33 percent in 1979, 36 percent in 1980 and a whopping 55 percent last year.

In addition, Cox's capital spending increased by almost 50 percent in 1980 and 83 percent last year to \$141 million.

With industry construction costs rising all the time — sometimes exceeding \$1,000 each new subscriber — and systems taking longer and longer to build, the amount of new cash needed is enormous.

### Franchised Operations

Cable also is a franchised operation; each municipality grants a franchise for someone to come in and wire the town or city for cable. To win the franchise, cable operators have to pay an annual fee that cuts 5 percent off the top of their income and also have to provide whatever the municipality deems to be the going amount of community service — free access channels for the people, intergovernmental video hookups, production facilities costing millions of dollars and so on.

As a result, some cable companies are walking away from lucrative areas.

Warner-Amex and Time Inc.'s American Television and Communications both refused to submit bids for the Sacramento, California, franchise because of a clause in the agreement that would allow the city to buy the system after 15 years at book, rather than market, value.

### Growing Competition

Cable operators say that higher construction costs and interest rates, combined with lower revenues because of the franchise obligations and fees, means less money to fight growing competition.

"We have gone from a period when there was television only to the so-called Buck Rogers era in which cable was conjured up as the only delivery method," said Ed Dooley of the National Cable Television Association in Washington.

"Then suddenly came the competition."

Cable was making so much money, it was just a question of time before competing delivery systems, new ways of getting the entertainment and information to the television set, would emerge.

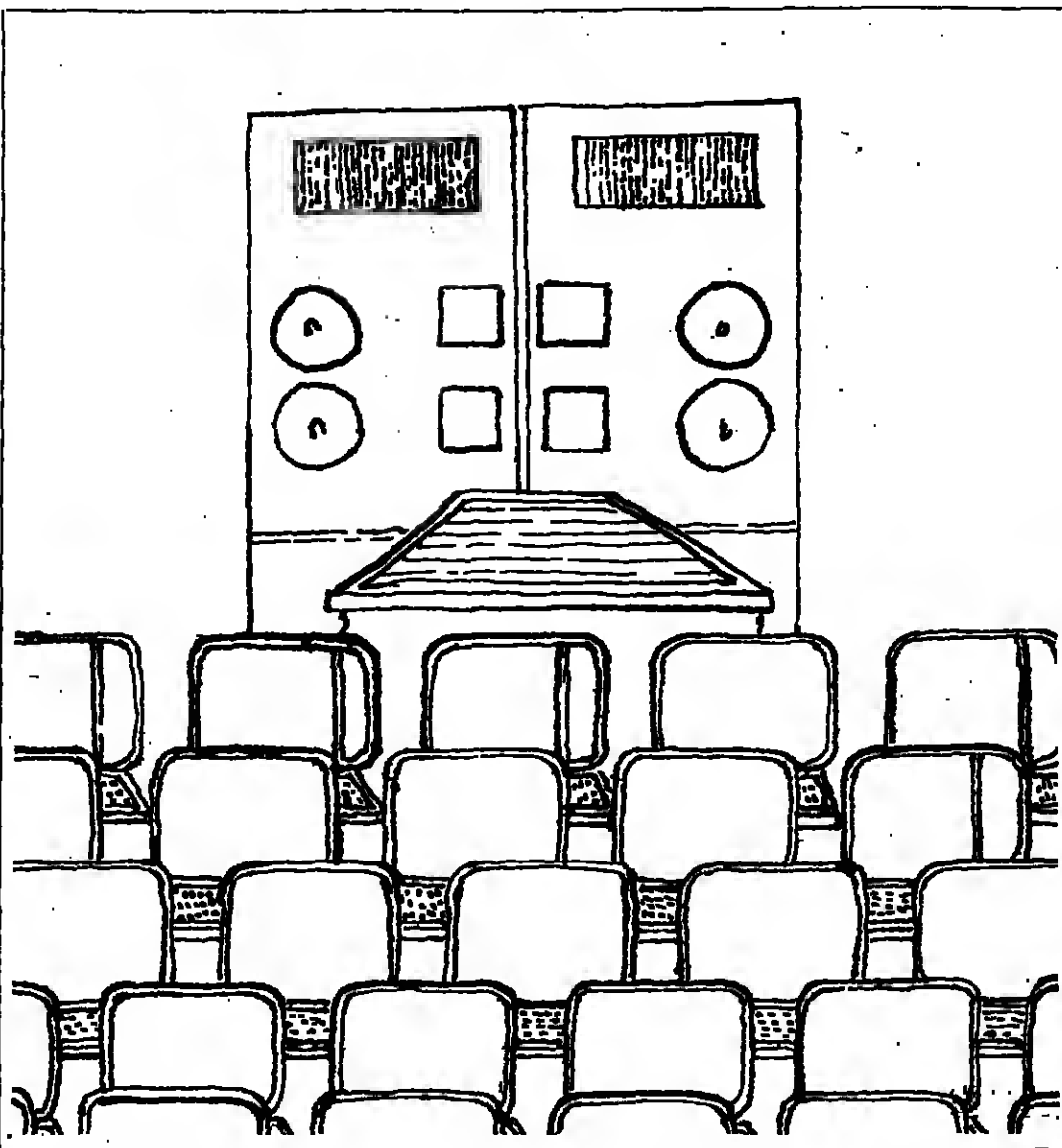
"The general view in the marketplace is that cable is under attack," Mr. Dooley said.

The attackers sound like an alphabet soup — STV, SMATV, MDS, DBS and LPTV.

Quickly defined: STV (subscription television) beams a single program signal from a broadcast television station via a satellite to homes in a much larger region than is available to normal broadcast; SMATV (satellite master antenna television) operators put dish antennas on the roofs of large apartment complexes, capture a variety of movie and sports channels and sell them to the residents in the complex; MDS (multipoint distribution system) delivers signals over the land via microwave relays rather than cable; DBS (direct broadcast satellite) sends program material directly from a satellite; and LPTV (low-power television) sends pay programs over small areas.

They all have one thing in common: They want a bite out of cable's market.

Not all of them are operational



yet, but industry observers agree they will all find a niche in the market.

Most said that niche would eventually settle at 20 percent of the United States that cable will never reach because of inaccessibility.

"In 1992," Mr. Dooley said, "you'll see an industry [cable] that emerges as the major delivery system sharing the market with DBS, STV and the rest."

### Customer Dissatisfaction

The last of the industry's three big problems, and the one that will only get bigger as cable grows, is customer dissatisfaction.

"As a result of the tremendous growth that we've had," said David Anderson of Cox Cable, "there hasn't been enough attention to customer service and maintenance."

What has tended to occur is that a cable system was put in place, sold and a small office handled the operation.

There has been little maintenance and few people are there to answer complaint calls.

The computers that do the billing have not caught up with the many new program services being offered and to complicate matters, in most cases all the bills are sent out at the same time each month.

Billing errors mean telephone calls to the office.

Because of the billing method, all those calls come in at once.

"We realize this is the case," Mr. Anderson said. "And as a result, we're doing more."

Despite the growing pains, cable's future looks bright in the United States.

Jim Fannan of United Cable,

the Colorado-based operator of 39 systems totaling 500,000 subscribers, said: "We do expect substantial, sustained growth over the next few years."

"It is, in a way, in its formative stages," said Ed Dunleavy, who follows a number of cable companies for Salomon Brothers.

"Technology doesn't seem to be catching up with man's imagination yet," But echoing a general sentiment, he added, "On a longer term basis, I'm very positive on the industry."

Said Mr. Dooley of NCTA: "Cable is the only unlimited spectrum [for programming]. It is the only service free of interference. People don't really care how they're getting the programs. What they really care about is a clear signal and whether they get what they want to watch."

## Fiber Optics Growth Tied to Home Market

(Continued from Page 75)

changes. Aside from being lighter and thinner, fiber optic cables provide a better signal and need fewer repeaters to nudge the signal down the line.

But fiber optics will not have the field to itself, and depending on the project, satellites, microwaves or copper cable can offer lower costs.

When a new trans-Atlantic cable is installed around 1988, however, fiber optics will almost certainly be the choice. Several companies, notably STC, the British unit of International Telephone & Telegraph Corp., are refining their submarine offerings in anticipation of such orders.

In July, British Telecom opened a 127-mile (204-kilometer) fiber optic link between London and Birmingham, hailing it as the world's longest. BT predicts that by 1990, about half of Britain's 12,500 miles of trunk telephone circuits will have been rewired with fiber optics.

In the biggest U.S. fiber optic project, American Telephone & Telegraph Co. is installing the cables along the dense corridor between Boston and Washington.

To supply such projects with cable, major companies are teaming up. In the United States, Siemens AG of West Germany and Corning, Philips N.V. of the Netherlands and M/A-Com Inc., and L.M. Ericsson of Sweden and Anaconda — a unit of Atlantic Richfield Co. — have formed joint ventures to produce cable. In Wales, BICC is producing cable in cooperation with Corning.

### Difficulties for Japanese

The Japanese do not intend to be left out. Sumitomo Electric Industries Ltd. said it may set up a joint venture in the United States to produce fiber optic cable. Without a U.S. plant, the company might find it difficult to win major telecommunications orders because political pressures to develop the technology at home are strong.

Last December, Fujitsu Ltd. complained that such pressures prevented it from winning a \$75-million order for part of the Boston-Washington link.

The Japanese company said it made the lower bid, but AT&T gave the contract to its Western Electric subsidiary, citing "public interest."

The military is probably the biggest market for fiber optics outside of telecommunications. In aircraft, for example, fiber optic wiring offers advantages because it is light and immune from electromagnetic interference.

Among other uses believed likely to grow are linking big computers, wiring industrial control equipment and transmitting cable TV.

Although the big telephone projects are likely to go to established suppliers, short-range networks for business and industry offer "quite a lot of room" for new companies to innovate, says David Flint, a consultant at the London firm of Butler Cox & Partners.

One company pursuing that market is Hytran Products, a unit of Filkington P.E. of Britain. Hytran, which supplies cables and accompanying electronic devices, says sales will total only £750,000 in 1982 but are likely to grow about 75 percent annually over the next few years.

Another British company using fiber optics is Mercury Communications Ltd., jointly owned by Cable & Wireless Ltd., the British Petroleum Co. and Barclay's Merchant Bank. Mercury plans to lay fiber optic cables along British Rail tracks as part of its phone and data transmission network, a project that will compete with British Telecom for business customers.

When, or whether, fiber optic cables will branch into the home is something most analysts decline to predict.

Writing up homes with fiber optics would create an enormous market, but present networks are adequate for carrying phone signals and television.

Most analysts say fiber optics will be economical only if a big home market develops for computerized shopping and banking, picture-phones, or services allowing people to tell their TV sets what program or information to send next.

Will demand be high and costs low enough for such services? Yes, says Frank Dixon, an analyst at Gnostice who sees the home market as the fastest growth area for fiber optics in the 1990s.

Other analysts have their doubts that people will pay for a deluge of information and entertainment, but Mr. Dixon insists: "This is not just blue sky. A lot of people are betting on it."

Since this is the telephone system of the future, the future must be here.

Today, a lot of countries are wondering what kind of telephone system they'll need in the future.

But some countries aren't wondering anymore. They already have their future telephone system in place.

Right now.

It's called System 12,™ and the Deutsche Bundespost recently installed it for a trial run in the cities of Stuttgart and Heilbronn.

This makes Germany the third country (Belgium and Mexico are the other two) to have these exchanges in operation.

What makes this such important news?

First, because more and more countries are recognizing that System 12—with its fully digital switch—is the way all telephone systems will be one day.

But the real importance of System 12 lies in its fully distributed control.

Fully distributed control is a radically new idea in switching system design that allows a network to grow or change as a country does—easily and economically.

Something only System 12 can do.

What's more, System 12 can incorporate new technology as it comes along—so it's always up-to-date.

One reason why over 2,250,000 equivalent lines have been ordered or installed in countries around the world.

Countries like Belgium, Germany, and Mexico, who don't think they should have to wait for the future.

Not when it's already here.



ITT's System 12, a revolutionary new telephone system, is up and running in Belgium, Germany, and Mexico.

SYSTEM 12 ITT



# COMMUNICATIONS TECHNOLOGY

## World Telephone Systems: Toward an Integrated Switched Digital Network

By R.J. Raggett

**L**ONDON — As computer and communications technologies converge, the conversion of the world's telecommunications network toward a fully integrated switched digital network will play an important role in the formation of a comprehensive information system.

Such an information system will enable society to effectively and comprehensively obtain whatever

information it needs for business, social and individual functions and will have even more dramatic effects on society as a whole than those created from the technologies of the industrial revolution.

It will move the industrialized societies of the developed world into the new post-industrial era of the information society, where the production of information plays a more important role than conventional industrial production.

The computer, in the form of the microprocessor, has made it possible to process and store, at an ever diminishing cost, vast amounts of complex information that could not be handled by conventional means.

And the development of the microelectronic silicon chip has opened the way for the combination of computer and communications technologies.

The conversion of the world's

telecommunications network, with its 500 million telephones, toward a fully integrated switched digital network in which any form of information — voice, data, images or color pictures — can be represented and passed through the network in the form of groups of coded digital pulses is the next step.

After just a dozen years, the realistic goal now exists for the creation of a network on which voice and all conceivable non-

voice services will share common switching and transmission facilities and do so in a cost-effective way.

The world's first telephone switch operating in this digital rather than traditional analog mode went into service in 1970 in the town of Lannion in France. The switch was developed by the French company CIT-Alcatel, which, amid much international skepticism, took the brave step to launch its new E-10 exchange while the rest of the world was in the early phases of analyzing the technical and economic implications of this technology of the future.

To get some idea of how early the French were, it was not until January 1976 that the Bell System's first digital switch went into service in the United States (the No. 4 ESS) and not until May 1979 that Nippon Electric of Japan installed its first NEAX 61 digital exchange.

Even now, although they would rightly claim that their technology is more advanced than the original E-10, major telecommunications companies like Siemens AG of West Germany and the British companies involved in the System X switch development have only been installing digital switches within the last 18 months.

### Many Advantages

The advantages of digital switching in conjunction with digital transmission are no longer debatable.

With the exception of the local subscriber switches, capital costs are on a par or lower than analog switches and, because maintenance costs are much lower, digital switches provide a much more attractive life cycle cost figure.

Digital switches also require far less space per line than electromechanical equipment — about 250 racks of conventional crossbar equipment can be replaced by just 15 racks of its digital counterpart. Maintenance is simplified.

Besides being able to integrate services, digital switches allow for a new range of subscriber services. The subscriber benefits by an improved standard and quality of service, as well as by speedier service as there is no switching delay in the exchange.

But it is not just a simple process of out with the old and in with the new.

Telecommunications administrations have a massive investment in analog technology and although a large number of them are now firmly committed to "going digital," the cost of modernization, while at the same time meeting demands for new lines and services, is extremely high. British Telecom, for example, is investing about \$3.4 billion a year in modernizing and expanding its network, but even so, its network still will have some analog switching at the end of the decade.

### Major Problems

There are also major problems for the manufacturers.

Even with the new component technology, the development of a digital switch has proved a very difficult process, particularly in the area of software for computers. It was recently estimated by Philips that a complete range of digital switches requires an estimated 5,000 man-years of development work or an investment of about \$450 million.

Since standards vary from country to country, adaptation of the exchange for foreign markets together with software support dur-

ing the life of the equipment demands another \$450 million.

By the time the capital cost is added, each system developed costs about \$1.5 billion.

This means the money to be made on each line of equipment sold, simply to cover development costs, has become 400 to 500 percent greater than with electromechanical equipment.

This, inevitably, requires that more lines be sold during the economic life of the system.

But, at the same time, technology now is advancing more rapidly, so that the economic life of each system is reduced.

In Europe, for example, no one manufacturer has a home market large enough to cover an initial cost of this magnitude without imposing unreasonably large tariffs on the users.

So, export orders must be won in competition not only among the Europeans, but also the United States and Japan.

Add to this the complication of "buying into markets" by some companies in the belief that once their system is accepted it will result in automatic follow-on business, and a degree of governmental support for the companies of some countries, and it can be seen that it is a very difficult market in which to survive.

The insistence by many Third World governments that contracts for digital switching equipment include a partnership with a local company and full local manufacture is an additional complication for Western manufacturers.

### Ordering Systems

A further peculiarity of the digital switching business is the apparent willingness of customers to order systems still in development and often several years away from production.

As a result, lines on order greatly exceed those actually installed by most companies and, in some cases, lines on order never get installed.

However, this peculiarity has become a way of life in the business, and the one notable group that has consistently refused to sell on this basis, the British companies in-

cluded with System X, so far have achieved no export business.

Now that the System X switch is installed and operating successfully in Britain, the suppliers are confident enough to quote for export orders, they find that many potential customers already have committed to other suppliers, some of whose systems still have to be proven operationally.

There is a further complication in quoting figures of lines ordered as it is possible to argue that some digital exchanges are not fully digital since, generally for economic reasons, they contain some analog elements such as, for example, relay subscriber switches.

It also is difficult, in some cases, to determine whether or not some orders are firm contracts or simply expressions of business from a committed administration.

### Lines on Order

Without entering this debate, there is no doubt that by far the most successful company to date has been CIT-Alcatel.

It has 3,222,460 lines in service — 2,757,280 in France and 465,180 in other countries.

The other major French company, Thomson-CSF, which began development work on its MT range of switches in 1977, has received orders for 3.6 million lines, including the 600,000 lines destined for countries outside France.

To date only a small percentage of these lines have been installed.

Most successful in terms of export business is the Swedish company L.M. Ericsson, in partnership with Philips, which scored a notable success with its winning and implementation of the massive expansion and modernization of the switching equipment in Saudi Arabia.

Among other European companies, Siemens of West Germany has orders for about 600,000 lines of its EWSD equipment and has just completed the installation of four trial exchanges in Germany prior to an expected serial production order from the German Bundespost in 1984.

The Bundespost also is evaluating exchanges supplied by Philips (PK, XD) and ITT (System 12) be-

fore committing itself to the adoption of one or more systems.

In Britain, British Telecom has ordered 22 System X exchanges, with further substantial orders due over the next few years, while in the United States, Western Electric continues its major production program for the Bell System.

AT & T International also is establishing itself rapidly in many parts of the world and is likely to be a major competitor against the Europeans and Japanese.

Northern Telecom of Canada has achieved an estimated order level of about 52 million lines, while the leading Japanese supplier, NEC, has orders of nearly 4 million.

Of the remainder, ITT, selling its System 12 exchange through its multinational organization, has estimated orders in excess of 1 million lines, approximately the same level of business as its fellow-U.S. company GTE.

Of course, digital switching will not be of full benefit to the user until the whole digitalization process has been completed.

However, as digital exchanges are installed, there will be progressively better service with higher quality connections.

There will be a degree of vertical guidance from some exchanges with an ever-increasing range of user services.

Call storage will come and, toward the end of the century, a range of useful visual services.

The main technical problems left to be solved are economic. There are few actual technical problems that have not been solved in some way, but many of the solutions remain too expensive.

There will be casualties among the manufacturers. One TRW Vindicator of the United States already has disappeared, and the market certainly will not support the number of companies currently in the business.

Polish, too, will play its part in determining the speed and degree of implementation of digital technology, but the ball already is rolling too quickly for the inevitable evolution of information technology to be halted.

## Europeans Opt for Nationalistic Approach To Developing Communications Industries

(Continued from Page 10S)

and the World Center for Computer Sciences and Human Resources has launched a number of programs involving personal computers. The latter, employing a number of scientists from the Massachusetts Institute of Technology, has been called "a stalking horse for the French electronics industry" by one U.S. senator. Two laboratories in Grenoble, the CNET and the LETI, will be the center of microelectronics development.

The major question in France at the moment is the ongoing reorganization of the country's components, computer and communications manufacturers. CIT-Alcatel and Thomson-CSF will remain the important industrial poles in telecommunications; Cii Honeywell Bull will be the foundation of the computer industry and the industrial structure of other sectors is slowly being defined at a pace that is delighting French competitors. Within the country there is likely to be an even greater insistence to "buy French."

Foreign firms are watching the French movements with great interest. The nationalization of the International Telephone and Telegraph Corp.'s French subsidiary, CGCT, has virtually cut ties with the parent company and the government killed an initiative to set up a marketing operation in the United States between Thomson-CSF and Continental Telephone Corp.

### Foreign Participation

Some foreign companies are attempting to participate in national programs and protect their market shares — gambling on a pragmatic approach. But the French government recently refused to allow Apple to locate its European software headquarters in Paris because they wanted a facility to produce the hardware. Most observers expect heightened nationalistic tendencies — unless the technology gap forces the French to come to terms with American companies, particularly in the area of integrated circuits.

"The French concept is very good but if some of their compa-

nies aren't competitive on an international level in two years the government will be faced with endless expenditures," predicts Barry Cox, vice president and general manager of Intel Europe.

The ambitious French approach also calls for increased European cooperation but most of the manpower and funds will obviously be spent on the national programs. However, suggested Mr. Donohoe, "perhaps we can use the former ITT subsidiary as a foundation for a joint-European telecommunications company."

The United Nations designated 1983 as World Communications Year, but it appears that nationalistic attitudes will prevail in Europe — preventing the Europeans from competing in unison with the large production runs and product standards that permit competitive prices. Although it will be difficult for European countries to each establish their desired technological independence, this costly approach, influenced by the exaggerated example of the French, will continue to be the trend.

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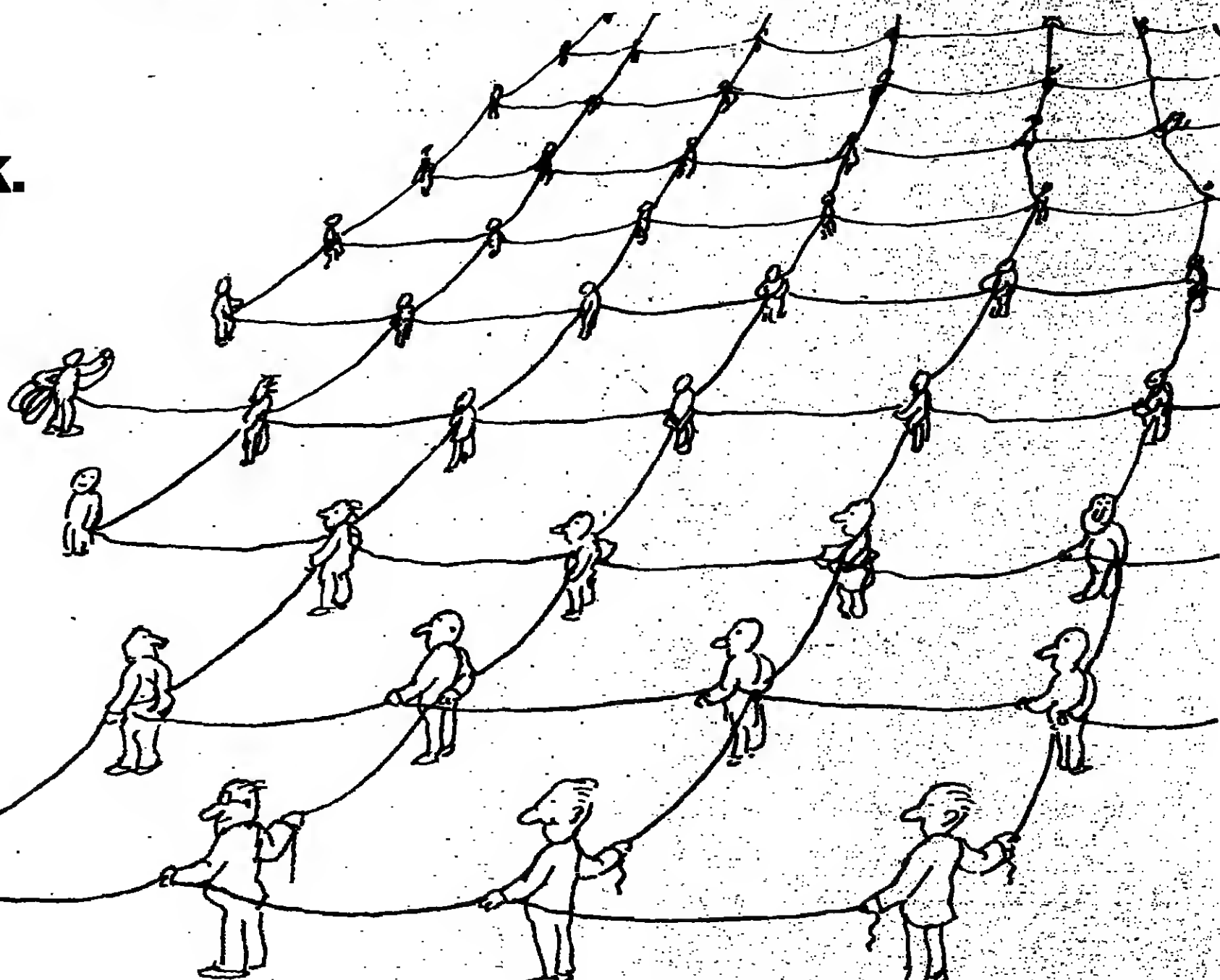
Computer power at every workstation, drawing even distant locations into the data and information flow: this is the Nixdorf network concept. Each workstation gets the information it needs, and itself originates and processes data for headquarters and others in the network.

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SCIENCE

# The Selling of 'Artificial Intelligence'

By Andrew Pollack  
New York Times Service

NEW YORK — Artificial intelligence, the science of making computers "think" has long been the preserve of theoreticians who were little concerned with practical applications.

"When they said real things, they meant computers that can play chess," said Roger Schank, chairman of the computer science department at Yale University. "They were not going to talk to Wall Street, let alone own a suit."

Now, however, business is taking an interest in artificial intelligence, known as AI, and some professors, such as Professor Schank, are forming or joining companies to capitalize on the expected boom. But the new move toward commercialization is disrupting the academic community and provoking fears that university research will be hurt.

Some researchers welcome the business interest. Others, however, complain that corporations are outbidding campuses for scarce personnel, and that work is being diverted from long-term research to short-term problems with immediate application. They also say scientists are becoming more reluctant to share research results.

"We perceive there's a real potential for the existing quality of AI research to diminish," Ron Diaper, who coordinates such research for the U.S. Defense Department's Advanced Research Projects Agency, said during a panel discussion at the National Conference on Artificial Intelligence in Pittsburgh last month.

Artificial intelligence is concerned with making computers do things that are said to require intelligence when people do them. Commercial interest is centered on four areas:

• Vision systems, which would allow computers to interpret satellite photographs and allow industrial robots to identify objects coming down the assembly line.

• Natural language systems, which allow people who do not know computer languages to get information out of computer storage by asking for it in plain English.

• Expert systems, or computer programs that mimic the behavior of human experts and can do such things as diagnose diseases and interpret geological data in exploring for minerals.

• Equipment and programs used by AI researchers themselves. Xerox and two new companies, Symbolics Inc. and Lisp Machine Inc., sell computers specially designed to handle Lisp, the programming language used by artificial intelligence researchers.

Several large companies such as Schlumberger, Hewlett-Packard, Digital Equipment and Texas Instruments have formed artificial intelligence research groups to design products for internal use and perhaps for outside sale.

Schlumberger, for instance, hopes to have expert systems interpreting data from logs of oil wells. Digital uses an expert system to help package computer systems.

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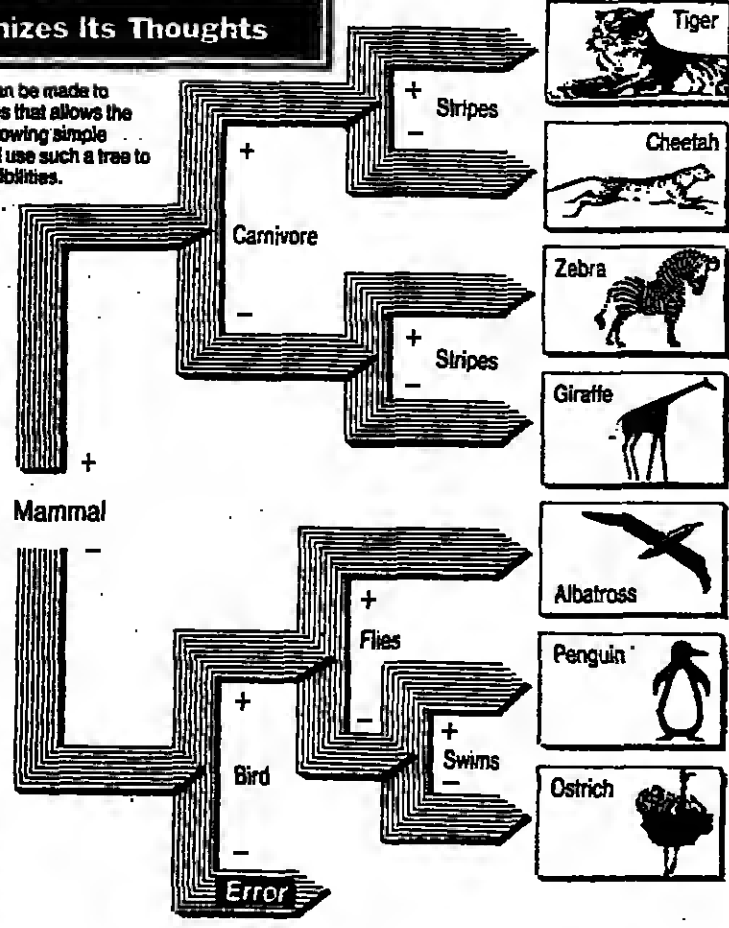
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## How a Computer Organizes Its Thoughts

A decision tree is one way a computer can be made to "think." The tree is an orderly set of rules that allows the computer to reach a conclusion. The following simple illustration shows how a computer would use such a tree to identify an animal from a number of possibilities.

First, the computer determines if the animal is a mammal. This example assumes the computer can answer that question either by carrying on a dialogue with a person at a terminal, or by being able to analyze various pictures of animals with a camera eye. If the animal is a mammal, the computer decides if the mammal is a carnivore. It is a carnivore, the machine looks for stripes to choose between a tiger and a cheetah.



and is developing a program to diagnose broken computers. RCA Government Systems and Lockheed's Emco division are working on a program to form AI groups. More companies are being started, many of them drawing people from university research programs in a phenomenon similar to the one that occurred when genetic engineering was commercialized a few years ago.

Professor Schank, for instance, formed Cognitive Systems, which will sell natural language systems. It is designing a system for oil companies that will retrieve information on oil wells using plain English commands. Professor Schank plans to develop computer programs that can do such things as give advice on taxes or wills.

Edward A. Feigenbaum, a computer science professor at Stanford University, has co-founded two companies — Intelligenetics, which aims to apply artificial intelligence to genetic engineering, and Teknowledge Inc., which designs expert systems for other companies. Teknowledge is designing a system for Elf-Aquitaine, the French national oil company, to diagnose why a drilling bit gets stuck during drilling.

Such university spinoffs have led to strains. The staff of the AI laboratory at the Massachusetts Institute of Technology was decimated in 1980 when more than a dozen researchers left to form Symbolics. The company sells computers designed for artificial intelligence that the researchers developed while at MIT. The only two staff researchers who did not join Symbolics left MIT to form Lisp Machine, a competing company.

"We took so many that it's going to take years for MIT to build back up," conceded Russell Nofziger, president of Symbolics and former director of the artificial intelligence lab. Marvin Minsky, an MIT professor who is considered a founding father of artificial intelligence, lamented: "Most AI labs cannot buy the machines they had a hand in designing." He also fears that universities will lack resources to develop the next generation of machines.

The commercial activity might have some benefit for universities, however. If artificial intelligence is considered commercially important, corporations might finance university research. Carnegie-Mellon University has signed on several corporate sponsors for its robotics laboratory.

Also, the rise of the companies might make it easier for people who want to concentrate on basic research, because pressure from government sponsors for practical results would be eased.

**Different Cultures**  
Some of the uneasiness in the university community stems from a difference in cultures. Academic researchers consider products coming out on the market as unsophisticated and oversold.

"I don't think they have anything to do with artificial intelligence — they have to do with artificial intelligence of 10 years ago," said David Waltz, professor of electrical engineering at the University of Illinois.

An example often given is that of expert systems, the programs that can diagnose diseases or help explore for oil. Although the computer programs are fairly adept at making analyses, they cannot learn from experience. Given the same set of symptoms, for instance, an expert system will make the same diagnosis twice, even if the first one proves wrong.

"If you don't have an expert that can learn and have memory, you get a little anxious," said Professor Schank, adding that expert systems are going on the market prematurely. Yet his company is often cited by others as an example of one that over-promotes its products. Cognitive Systems' literature advertises that the company develops systems that offer "all the benefits of having a human expert on your staff, but it never takes a lunch hour or goes on vacation."

Those entering the business say it is impossible to wait indefinitely for technology to be perfected before introducing it commercially. Lee Hecht, president and chief executive officer of Teknowledge, said there are many applications — from electronic circuit design to diagnosing nuclear power plant accidents — in which existing expert systems could save companies millions of dollars.

Besides the question of how sophisticated their products are, new companies may face a bigger stumbling block — lack of skill in managing a company and in focusing on specific market areas. They must also hang on until the market develops further and then face competition from the more established companies.

The same problems afflicted genetic engineering companies formed by professors. For lack of management talent, money or products, many have fallen on hard times. Artificial intelligence "is even more university-bound than genetic engineering," said one analyst. "Some of those guys can't manage their way out of a paper bag."

"Children can be given lots of choices without compromising to medical care: Does he want the shot in the right arm or the left, which food, what time a procedure is done, how many people in the room, etc.," Mr. Ack said.

The fears and fantasies of children of various ages are routinely considered. For example, Mr. Ack said, many young children equate the phrase "put to sleep" with death (such as might happen to an old or injured pet), so anesthesia is referred to as "taking a nap." Similarly, the word "cut" is avoided because young children are very concerned about the integrity of their bodies.

**'Lasting Concerns'**  
"We try to unearth what the child thinks is going to happen to him and what the reason for the procedure is," Mr. Ack said. "A preschool child may think his operation is punishment because he went out without his coat. A 4- or 5-year-old concerned about the integrity of his body may think surgery will leave him not as complete. For some, this becomes a lasting concern, producing a man who must always demonstrate his physical prowess or who is desperately frightened of shots."

To maintain as normal an atmosphere as possible, there is a playroom on each floor where no medical ministrations are performed. The center has its own television station through which it provides information and entertainment appropriate for a hospitalized child. Resources to educate parents are also available in every waiting room throughout the hospital. There are two sets of elevators, one reserved for very sick children and those going to and from surgery, to reduce trauma to healthy visitors and outpatients and to keep sick children from being stared at.

"What we're providing here is not Cadillac service," Mr. Ack insisted. "It's what every child requires and deserves. Unfortunately, it's not spreading around the country as rapidly as it should because initially it costs money to set up these programs, though over the long run they probably reduce costs."

He pointed out that, although more than 40 percent of the center's beds were intensive care units, the average length of stay — 5.83 days — was shorter than at all but two other children's

**Dow Jones Averages**

Index	Sept 22	Sept 21	Sept 20	Sept 19	Sept 18
Ind	2812.50	2812.50	2812.50	2812.50	2812.50
Comp	1152.50	1152.50	1152.50	1152.50	1152.50
Transp	1152.50	1152.50	1152.50	1152.50	1152.50
Chem	1152.50	1152.50	1152.50	1152.50	1152.50
Met	1152.50	1152.50	1152.50	1152.50	1152.50
Auto	1152.50	1152.50	1152.50	1152.50	1152.50
Food	1152.50	1152.50	1152.50	1152.50	1152.50
Text	1152.50	1152.50	1152.50	1152.50	1152.50
Leather	1152.50	1152.50	1152.50	1152.50	1152.50
Shoes	1152.50	1152.50	1152.50	1152.50	1152.50
Apparel	1152.50	1152.50	1152.50	1152.50	1152.50
Household	1152.50	1152.50	1152.50	1152.50	1152.50
Elect	1152.50	1152.50	1152.50	1152.50	1152.50
Tele	1152.50	1152.50	1152.50	1152.50	1152.50
Comm	1152.50	1152.50	1152.50	1152.50	1152.50
Med	1152.50	1152.50	1152.50	1152.50	1152.50
Drugs	1152.50	1152.50	1152.50	1152.50	1152.50
Health	1152.50	1152.50	1152.50	1152.50	1152.50
Recreation	1152.50	1152.50	1152.50	1152.50	1152.50
Travel	1152.50	1152.50	1152.50	1152.50	1152.50
Food	1152.50	1152.50	1152.50	1152.50	1152.50
Text	1152.50	1152.50	1152.50	1152.50	1152.50
Leather	1152.50	1152.50	1152.50	1152.50	1152.50
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Tele	1152.50	1152.50	1152.50	1152.50	1152.50
Comm	1152.50	1152.50	1152.50	1152.50	1152.50
Med	1152.50	1152.50	1152.50	1152.50	1152.50
Drugs	1152.50	1152.50	1152.50	1152.50	1152.50
Health	1152.50	1152.50	1152.50	1152.50	1152.50
Recreation	1152.50	1152.50	1152.50	1152.50	1152.50
Travel	1152.50	1152.50	1152.50	1152.50	1152.50

**Standard & Poor's Index**

Index	Sept 22	Sept 21	Sept 20	Sept 19	Sept 18
Ind	2812.50	2812.50	2812.50	2812.50	2812.50
Comp	1152.50	1152.50	1152.50	1152.50	1152.50
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Elect	1152.50	1152.50	1152.50	1152.50	1152.50
Tele	1152.50	1152.50	1152.50	1152.50	1152.50
Comm	1152.50	1152.50	1152.50	1152.50	1152.50
Med	1152.50	1152.50	1152.50	1152.50	1152.50
Drugs	1152.50	1152.50	1152.50	1152.50	1152.50
Health	1152.50	1152.50	1152.50	1152.50	1152.50
Recreation	1152.50	1152.50	1152.50	1152.50	1152.50
Travel	1152.50	1152.50	1152.50	1152.50	1152.50

**Odd-Lot Trading in N.Y.**

Index	Sept 22	Sept 21	Sept 20	Sept 19	Sept 18
Ind	2812.50	2812.50	2812.50	2812.50	2812.50
Comp	1152.50	1152.50	1152.50	1152.50	1152.50
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Elect	1152.50	1152.50	1152.50	1152.50	1152.50
Tele	1152.50	1152.50	1152.50	1152.50	1152.50
Comm	1152.50	1152.50	1152.50	1152.50	1152.50
Med	1152.50	1152.50	1152.50	1152.50	1152.50
Drugs	1152.50	1152.50	1152.50	1152.50	1152.50
Health	1152.50	1152.50	1152.50	1152.50	1152.50
Recreation	1152.50	1152.50	1152.50	1152.50	1152.50
Travel	1152.50	1152.50	1152.50	1152.50	1152.50

**Dow Jones Bond Averages**

Index	Sept 22	Sept 21	Sept 20	Sept 19	Sept 18
Ind	2812.50	2812.50	2812.50	2812.50	2812.50
Comp	1152.50	1152.50	1152.50	1152.50	1152.50
Transp	1152.50	1152.50	1152.50	1152.50	1152.50
Chem	1152.50	1152.50	1152.50	1152.50	1152.50
Met	1152.50	1152.50	1152.50	1152.50	1152.50
Auto	1152.50	1152.50	1152.50	1152.50	1152.50
Food	1152.50	1152.50	1152.50	1152.50	1152.50
Text	1152.50	1152.50	1152.50	1152.50	1152.50
Leather	1152.50	1152.50	1152.50	1152.50	1152.50
Shoes	1152.50	1152.50	1152.50	1152.50	1152.50
Apparel	1152.50	1152.50	1152.50	1152.50	1152.50
Household	1152.50	1152.50	1152.50	1152.50	1152.50
Elect	1152.50	1152.50	1152.50	1152.50	1152.50
Tele	1152.50	1152.50	1152.50	1152.50	1152.50
Comm	1152.50	1152.50	1152.50	1152.50	1152.50
Med	1152.50	1152.50	1152.50	1152.50	1152.50
Drugs	1152.50	1152.50	1152.50	1152.50	1152.50
Health	1152.50	1152.50	1152.50	1152.50	1152.50
Recreation	1152.50	1152.50	1152.50	1152.50	1152.50
Travel	1152.50	1152.50	1152.50	1152.50	1152.50

**Market Summary, Sept. 22**

Market Diaries		AMEX Stock Index		
NYSE	AMEX	High	Low	Clos
2812.50	1152.50	1152.50	1152.50	1152.50
1152.50	1152.50	1152.50	1152.50	1152.50
1152.50	1152.50	1152.50	1152.50	1152.50
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THURSDAY, SEPTEMBER 23, 1982

WALL STREET WATCH

By EDWARD ROHRBACH

Concern for Banks Is Cooling  
An Otherwise Torrid Market

People are thinking the unthinkable about the stock market. No, not that for the winter to around 600 on the Dow. The concern is a melt-down of the international banking system.

As E.F. Hutton notes in the brokerage firm's current Investment Survey, no banks means no stock market, not to mention other amenities in life as we know it. All of which provides Hutton's favorite "contrarian" theme: Buy bank stocks.

The silver lining Hutton sees in the dark cloud overhanging the industry is the fact that banks almost always have higher earnings as a group and will for the third quarter, it predicts — yet presently sport price/earnings ratios of less than six. "It is inconsistent to be bullish on other parts of the economy and hence on selected stock groups, but to be bearish on the banks at current multiples," Hutton says.

Considered "especially undervalued" now by Hutton is Citicorp. Bankers Trust and First Chicago are also favored.

"Uncertainty over the international and domestic U.S. banking structure is the currently the biggest damper on investment enthusiasm," according to Peter J. Smith, partner in Cazenove & Co., London stockbrokers. He described the firm as "more cautious" about Wall Street in the wake of its recent big advance.

He said that September-October is the popular time for European portfolio managers to visit the United States and to decide on any changes in investment policy. Oil service and cable television stocks, two groups interesting to European investors because they're almost uniquely American enterprises, will receive special analysis, he said, with the question being whether they've bottomed out and are attractive again after being hit hard this year.

"Another interesting stock group is electronics," he said. "Has the shakeout left dead men who must now be avoided as investments?" Gerard de Pinval, top portfolio manager at the French bank Crédit Agricole, sees November's U.S. congressional elections as pivotal for both the stock market and the dollar.

"The American people have suffered a lot in the Reagan administration's efforts to subdue inflation," he observed.

A reaction by voters to relieve the pain by electing fiscal liberals who push for reflation of the economy, he said, would buoy Wall Street prices. Under that scenario, though, the dollar will weaken, making the United States less attractive for investment by foreigners. If Reagan conservatives do well and restraint continues, Mr. de Pinval thinks the market will still be all right, with investors tolerating higher multiples on stocks because of the inflation squeezed out of their P/E's, while a strong dollar lures overseas funds.

Already, in less than two years under Reagan, many companies have restructured themselves for the new disinflationary climate, Mr. de Pinval noted. Two multinationals he cited were Eastman Kodak and General Electric. He said the bank is buying a number of stocks because they meet its criteria of a strong balance sheet, strong management and product leadership. Among these are American Cyanamid, Emerson Electric and NCR. Smaller companies also attractive because he thinks they will earn profits even if the economy remains sluggish are Harte-Hanks Communications and two chemical companies, Olin and Dexter.

Time for Weeding

Merrill Lynch's chief market analyst, Robert Farrell, who has not fully bought the upsurge since mid-August as a new bull market because stock psychology never experienced the "capitulation" stage, warns against becoming "complacent" about stocks just because "a major low has been made." He advises clients to take advantage of further market strength to weed out "problem stocks," identifying them as being in the energy, basic cyclical and capital goods groups.

Fully convinced this is a charging bull market is Martin Zweig, whose stock selections for Zweig Forecast during the past month have scored huge gains, though in early August he was cautioning clients, "This is no time to be a hero."

"The major trend is immensely strong and should carry stocks much higher, even against the continuing background of financial shakiness," he said. "The bull market is climbing its usual 'Wall of Worry.' Stay with the tape. It's in the early months of bull moves when the biggest money is made."

His top picks are Academy Insurance, Stryker, American Sterilizer, Emulex and USAir.

A few advisory letters did correctly call the mid-August market turn, according to Investors Intelligence, which tracks dozens of them. Probably the most profitable to subscribers, it notes, was Richard Dysart's Trendway Service. A family business in Louisville, Kentucky, since 1933, Trendway turned bullish at the bottom and came up with a list of 20 call options to buy.

International Herald Tribune

The Stake of Money Market Funds in Banks

Investments of money market funds in certificates of deposit at selected major banks, June 30, 1982

Unit: millions of dollars

Fund (Assets)	Chase Manhattan	Citicorp	Continental Illinois	Morgan Guaranty
Merrill Lynch Ready Assets (22,217)	\$540	\$837	\$400	\$855
Merrill Lynch Cash Management Account Money Fund (13,925)	585	288	85	153
Drayton Liquid Assets (10,039)	883	508	40	860
InterCapital Liquid Asset Fund (8,673)	50	0	365	300
Cash Reserve Management (7,201)	50	50	0	0
Palma Webber Cash Fund (6,414)	0	0	80	180

\* Feb. 28. \*\* July 8.

The New York Times

Money Funds Give Banks a Scare  
Loan Woes Spur Large Withdrawals From CDs

By Robert A. Bennett

New York Times Service

NEW YORK — The well-known loan losses of some of the most prominent U.S. banks have prompted some money market funds to withdraw hundreds of millions of dollars from these banks and have thus become a destabilizing force in U.S. banking, according to Federal Reserve officials, bankers and some money fund executives.

The fear is that the money funds, which have become an important source of funds for banks, are reacting in lockstep in withdrawing their money from banks whose troubled loans have become widely publicized. Bankers and officials are concerned that money funds have become excessively sensitive to publicity given banking problems and are pulling out their money from sound institutions.

Although the money funds, by offering much higher rates of interest than banks, have attracted billions of dollars that might otherwise have gone into savings accounts, much of that money has been recycled back into the big banks by investing the funds in large certificates of deposits.

At present the money funds control about \$200 billion. Based on figures supplied by Donoghue's Money Fund Report of Sept. 13, the 10 largest money market mutual funds, out of a total of 205, held \$24.7 billion

in bank CDs. The problem, bankers say, is not so much the total size of these holdings but the fact that at times a fund will suddenly pull a large amount out of a bank.

Last July, for example, following the failure of Penn Square Bank of Oklahoma City, a number of money market funds pulled hundreds of millions of dollars out of Chase Manhattan Bank and Continental Illinois National Bank and Trust of Chicago, or they did not renew deposits when they expired.

The pullback by the money market funds was in response to losses incurred by the two giant banks as the result of energy-related loans the banks had purchased from the Penn Square. Chase had also experienced a large loss as the result of its dealings with the now-defunct Drysdale Government Securities.

These problems caused Continental to report a \$61-million after-tax loss in the second quarter and Chase a \$16-million loss.

In terms of the banks' basic soundness, the losses were minute. At Continental, the loss represented only 2.9 percent of its equity and reserves for loan losses, and at Chase only 0.35 percent. Equity is the amount invested in the bank by its shareholders.

Chase and Continental were not the only major

(Continued on Page 17, Col. 4)

Prices on NYSE Close Mixed  
After Late Surge of Selling

Compiled by Our Staff From Dispatches

NEW YORK — A surge of selling in the session's final hour Wednesday caused prices on the New York Stock Exchange to close mixed in extremely heavy trading. Analysts attributed the reversal to a similar trend in bond prices.

The Dow Jones industrial average was up almost 10 points in the first hour of trading but changed direction in the afternoon and finished down 7.18 at 927.61. Advances finished with a slim lead over declines.

Volume soared to 113.2 million shares from 82.9 million traded Tuesday. It was the heaviest trading since 130.9 million shares changed hands on Sept. 3.

Hundreds of block trades in excess of 10,000 shares were recorded as institutions rushed to buy top-notch stocks prior to the end of the third quarter.

Analysts said the because the Dow average had gained about 160 points since the rally began Aug. 13, they expected some profit taking to occur in any further advance.

Analysts said investors were disappointed by the 4 percent drop in durable goods orders in August. Also, July durable goods orders were revised downward to show an increase of 2.5 percent rather than the 3.2 percent previously reported.

The market's movement Wednesday was almost exactly the opposite of Tuesday, when buyers rushed in during the last hour of trading to push the Dow average up 18 1/2 points.

"There are a lot of nervous, anxious traders out there who can really affect the market," said Michael Metz of Oppenheimer & Co. "All of today's sellers were probably the people who bought in the last hour yesterday."

John Smith of Fehnestock & Co.

said there are still large amounts of capital on the sidelines that could keep the rally going.

Mr. Smith attributed the heavy volume to "the mass of capital flowing into New York from overseas, looking for a safe investment." He said the precarious economies of many countries make U.S. stocks appeared to be a haven.

Observers were amazed by the NYSE's report Tuesday of a 24-million-share increase to a record 120.5 million in the number of borrowed shares traders sold in hopes prices would drop.

Analysts said the latest figures indicated the market still has considerable support because investors will have to replace those shares.

On the NYSE floor, technology and oil stocks were particularly weak. Digital Equipment fell 5 1/2 to 84 1/2, Texas Instruments 3 1/4 to 98, Teledyne 6 1/4 to 92 1/2, Superior Oil 2 1/4 to 27 1/4, Getty 2 1/4 to 54, and Phillips 1 1/4 to 29.

Xerox, which announced a line of new copiers, rose 1 1/4 to 32 1/4 in heavy trading. Crum & Forster, which Xerox plans to acquire for \$35 a share, dropped 1/4 to 48 1/4.

'Friendly' Offer Made  
For Bendix by Allied

Compiled by Our Staff From Dispatches

NEW YORK — Allied Corp., in a surprise eleventh-hour deal to prevent Martin Marietta Corp. from buying a controlling interest in Bendix Corp., agreed Wednesday to a "friendly" takeover of Bendix in a transaction valued at roughly \$2 billion.

The latest development in the complicated takeover battle occurred hours before Marietta was to buy a majority ownership interest in Bendix — even though Bendix already owns a 70-percent interest in Marietta.

The Allied offer appeared to gain time for Bendix because Marietta would be unable to buy the Bendix shares tendered to it shortly after midnight, as its offer provided. Under Securities and Exchange Commission regulations, any new bid automatically extends the time for stockholders to study the situation by 10 business days.

Marietta attorneys were expected to file a lawsuit immediately in federal court seeking exemption from the regulations.

Allied, the large chemical and oil company, agreed in principle to pay \$5 a share in cash for about 13.9 million Bendix shares for a controlling interest and a swap of securities for the rest.

Marietta had offered \$75 a share for 11.9 million shares and a securities swap for the rest.

Earlier, a U.S. judge cleared the way for Marietta to buy a controlling interest in Bendix at midnight. Bendix immediately appealed

the ruling, which was made just hours after top officers of Bendix and Marietta met, apparently in a last-minute effort to settle differences.

U.S. District Judge Joseph P. Young complained publicly Tuesday that the takeover fight had become so entangled that even the participants did not know what was happening. "I don't think anyone has sat down and figured out who's going where," he said.

In seeking to block Marietta's purchase, Bendix argued that such a move would be in violation of Marietta's fiduciary duty to Bendix, its major stockholder. "The tender offer is a virtual catastrophe," a lawyer for Bendix said.

The takeover fight began last week when Bendix made its \$1.5-billion bid, later raised to \$1.7 billion. Marietta started its offer for Bendix stock as a defensive measure and later enlisted the help of an United Technologies Corp. United ca Technologies offered \$1.5 billion for Bendix and agreed with Marietta to split certain of Bendix's assets if either of their takeover offers prevailed.

In another development Wednesday, the Justice Department asked United Technologies for additional information on its proposal to acquire part of Bendix. The request, which suggests the department believes the move might violate antitrust law, will delay any purchase of Bendix shares by United.

Scandal-Plagued Mitsukoshi Ousts President

By Henry Scott-Stokes

New York Times Service

TOKYO — The powerful chief executive of Japan's oldest department store chain, Mitsukoshi, was ousted from his post Wednesday in a boardroom struggle after scandal rocked the 310-year-old establishment.

The company's board voted Shigeru Okada out as president by a 16-to-1 majority, a vote that culminated weeks of allegations concerning his alleged management errors.

"Mitsukoshi will now make a fresh start, fully cognizant of its social responsibility," the managing director, Tadayoshi Sugita, said after the vote. The board elected Akira Ichihara as president.

Mr. Okada had dominated the prestigious store as president for a decade, but his removal came as a relief to investors. The store's stock rose 23 yen (about 9 cents) on the Tokyo Stock Exchange to close at 360.

Two facets of the struggle made it more than simply another boardroom drama:

● Mitsukoshi is a key member of the Mitui group, one of the largest business groups in the world, comprising a score of financial, commercial and industrial concerns led by Mitui & Co., the trading house, and Mitui Bank.

● Most Japanese business leaders are cautious in temperament and make collective decisions, but Mr. Okada was a powerful boss who ran Mitsukoshi pretty much according to his own design.

"More or less everything in Japan is decided by committee, by the group with a small g, but Okada seemed to challenge that fundamental practice," said a source at Mitui.

Under Mr. Okada, the store chain has faced both scandal and a decline in earnings.

In the year ended last February, Mitsukoshi reported sales of 586.4 billion yen (\$2.25 billion), up 7.5 percent from a year earlier, but profit declined 28 percent to 7.5

billion yen. Mitsukoshi's top competitors, meanwhile, increased their profits. The profit decline at Mitsukoshi was accompanied by a jump in short-term debt from nothing to 24 billion yen between 1981 and 1982.

In recent months the performance of Mitsukoshi's biggest store was especially poor: In July sales were down by 5.2 percent, and they slumped by another 10.3 percent in August.

What brought the board to a vote, however, was a scandal concerning an art exhibition. Mitsukoshi staged an exhibition of Persian treasures recently, and a total of 47 items supposedly valued at millions of dollars were found by outside experts to be fakes.

U.S. Durable Goods Orders Off 4% in August

Compiled by Our Staff From Dispatches

WASHINGTON — New orders of durable goods fell 4 percent, or 4 percent, in August to a seasonally adjusted \$73.4 billion, the Commerce Department said Wednesday.

The decline, the largest in 11 months, was concentrated in transportation equipment and primary metals, the department said.

The decline, which could indicate that whatever recovery is tak-

ing place is more sluggish than earlier believed, more than offset a revised July increase of 2.5 percent. Originally the department said durable goods orders rose 3.2 percent in July.

As the new evidence was presented that the recovery may be bumpy, Martin Feldstein, President Ronald Reagan's nominee for chairman of the Council of Economic Advisors, assailed supply-side "extremists" who promised a

painless way to fight inflation and a tax-cutting route to a balanced budget.

"The extremists among both the supply siders and the rational-expectations monetarists who predicted that inflation would be reduced without raising unemployment have been decisively proven wrong," he said.

"I think it is most unfortunate that this idea of stimulating supply rather than demand got a bad name when the label 'supply-side economics' was attached to some extreme rhetoric about self-financing tax cuts and euphoric forecasts of a painless transition to rapid but inflation-free growth," he said.

Growth is expected, however, Reagan officials insist. Treasury Undersecretary Beryl Sprinkel said,

Wednesday he believes a moderate recovery with annual growth of between 3.5 percent and 4.5 percent will get under way shortly.

His view of modest business recovery from now through the end of 1983 was the near unanimous opinion of U.S. business economists, according to a poll released Wednesday.

The poll results were presented at the opening of the 24th annual meeting of the National Association of Business Economists by Edgar R. Fiedler of New York, president-elect of the organization.

"Not only did those polled predict a continuous recovery but, in fact, a large majority of those polled also expect the cyclical upswing to continue into 1985 or beyond," Mr. Fiedler said.

U.S. Agency Rejects Move  
To Restrict Brazilian Plane

WASHINGTON — The International Trade Commission has refused to impose tariffs on a Brazilian-made plane that Fairchild Industries of Germantown, Maryland, has said is able to undercut its competing aircraft because of heavy government subsidies.

The 19-seat, Brazilian-made Bandeirante aircraft, known as the Bandeirante, has become increasingly popular with regional U.S. airlines that are proliferating because of reductions in government regulation.

Fairchild has no backing of orders for its competing 19-passenger plane, the Metro III. The Bra-

zilian company, Embraer, has had 92 Bandeirantes purchased or ordered by U.S. airlines, and another 82 are already in operation with them.

A Fairchild spokesman said the company has not yet decided whether to appeal.

Fairchild had charged that Embraer, 51 percent of which is owned by the Brazilian Air Ministry, receives a 44-percent subsidy from the government of Brazil.

The commission staff reported at Tuesday's meeting that U.S. airlines were buying the Brazilian plane because it meets their needs better than the Fairchild product.

CURRENCY RATES

Interbank exchange rates for Sept. 22, excluding bank service charges.

	\$	£	DM	FF	Y	HK	S	JP	DK
Australia	2.7275		1.6645	36.25	16.65				
Belgium	46.17	17.3525	3.365	3.2075	17.6143		22.045	5.31	
Canada	2.4735	4.38	36.81	1.7738	17.23	5.173	17.634	36.55	
France	1.7155	12.915	3.2795	1.2615	4.692	8.275	3.675	14.943	
Germany	1.6485	2.4735	1.9345	1.9345	53.95	29.775	45.875	16.75	
Italy	2.1075	1.7185	2.4505	1.3415	8.071	3.2655	6.058	6.481	17.146
Japan	7.26	12.955	26.815	1.193	27.21	14.87	28.33	8.611	
Netherlands	2.1075	2.45	2.45	2.45	77.95	4.226		24.81	
Sweden	0.8435	0.5497	2.3535	4.407	1.2331	2.583	45.447	2.017	32.64
Switzerland	1.508	1.3845	0.4995	2.479	7.477	1.2117	2.977	32.081	2.264

Dollar Values

	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Canada	0.6771	0.6771	0.6771	0.6771	0.6771	0.6771	0.6771	0.6771	0.6771
France	0.5754	0.5754	0.5754	0.5754	0.5754	0.5754	0.5754	0.5754	0.5754
Germany	0.6071	0.6071	0.6071	0.6071	0.6071	0.6071	0.6071	0.6071	0.6071
Italy	0.4205	0.4205	0.4205	0.4205	0.4205	0.4205	0.4205	0.4205	0.4205
Japan	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366
Netherlands	0.4695	0.4695	0.4695	0.4695	0.4695	0.4695	0.4695	0.4695	0.4695
Sweden	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366	0.1366
Switzerland	0.6482	0.6482	0.6482	0.6482	0.6482	0.6482	0.6482	0.6482	0.6482
U.K.	0.7463	0.7463	0.7463	0.7463	0.7463	0.7463	0.7463	0.7463	0.7463

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Toronto		Canadian Stock Markets		Sept. 21	
High Low Close Chg		High Low Close Chg		High Low Close Chg	
4900 AMCA Int	518 189 189 + 36	3000 Conwest A	35 495 5 + 10	1500 Tech Car A	58 79 8 - 16
2000 Asili Freq	318 181 181	19900 Comex R	345 300 300 + 10	1400 Tech B I	38 24 24
3000 Asili Freq	318 181 181	2000 Conwest A	35 495 5 + 10	1700 Tech C I	38 24 24
3000 Asili Freq	318 181 181	19900 Comex R	345 300 300 + 10	1500 Tech N A	34 34 + 36
3000 Asili Freq	318 181 181	2000 Conwest A	35 495 5 + 10	1700 Tech O A	34 34 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech P A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech Q A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech R A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech S A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech T A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech U A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech V A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech W A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech X A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech Y A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech Z A	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AA	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AB	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AC	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AD	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AE	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AF	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AG	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AH	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AI	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AJ	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AK	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AL	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AM	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AN	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AO	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AP	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AQ	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AR	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AS	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AT	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AU	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AV	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AW	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AX	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech AY	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Comex R	345 300 300 + 10	2400 Tech AZ	31 31 + 36
2115 Asing Ind	36 6 6 - 14	2000 Conwest A	35 495 5 + 10	2400 Tech BA	31 31 + 36
2115 Asing Ind	36 6 6 - 14	19900 Com			

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 M	11 1/4 - 11 1/2	7 3/4 - 7 3/4	4 - 4 1/4	11 - 11 1/2	17 1/2 - 17 1/2	12 1/2 - 12 1/2	10 1/4 - 11 1/4
2 M	11 1/4 - 11 1/2	7 3/4 - 7 3/4	4 1/4 - 4 1/4	10 1/2 - 11 1/2	18 1/2 - 19	13 1/2 - 13 1/2	11 1/4 - 11 1/4
3 M	11 1/4 - 11 1/2	7 3/4 - 7 3/4	4 1/4 - 4 1/4	10 1/2 - 11 1/2	19 - 19 1/2	12 1/2 - 12 1/2	11 1/4 - 11 1/4
6 M	12 1/4 - 12 1/4	8 1/4 - 8 1/4	5 - 5 1/2	11 - 11 1/2	19 1/2 - 20	12 1/2 - 12 1/2	11 1/4 - 12
1 Y.	12 1/4 - 12	8 1/4 - 8 1/4	5 1/2 - 5 1/2	11 1/2 - 11 1/2	20 - 20 1/2	12 1/2 - 12 1/2	11 1/4 - 12 1/2

[illegible]

	30-day low; cents per lb.	89/90	88/89	87/88	86/87	% chg.
Oct	59.10	59.87	58.78	59.77	59.14	+1.4
Dec	57.30	58.95	57.30	58.82	58.22	+1.0
Feb	55.85	57.00	55.85	56.95	56.95	+1.1
Apr	57.40	57.00	56.85	57.05	57.05	+0.2
Jun	55.40	53.00	52.40	52.65	52.65	+0.2
Aug	52.80	52.85	51.40	51.40	51.40	+0.0
Oct	48.58	49.00	48.50	49.58	49.58	+0.1
Dec	45.87	45.98	45.20	45.20	45.20	+0.0
Feb	46.75	46.75	46.70	46.15	46.15	-0.1

Prev. sales 13,754.  
Prev day's open Int 51,300, off 1,140.

PLATUEJUA				
58 buy sz./ dollars per buy sz.				
Sep	328.00	320.00	328.00	1
Oct	321.00	335.95	335.95	2
Nov	325.50	345.00	315.00	3
Jan	321.00	340.00	322.25	4
Feb	325.50	335.00	339.25	5
Oct	325.00	345.00	344.50	+3
Est. sales 4.9%. Prev. sales 4.67%				
Prev day's open Int 13.91, off 525.				

**Market Guide**  
Chicago Board of Trade: Wheat, corn, soybean meal, soybean oil, oats, frost-free T-bonds, GNMA, 10-yr T-notes, plywood. Chicago Mercantile Exchange: Cattle, feeder calves, pork bellies, lumber, S&P composite index. New York Mercantile Exchange: Oil, potatoes, platinum, heating oil, Coffee, Sugar and Cocoa Exchange, New York: Coffee, Sugar

NYSE COMP. INDEX points and cents				
Sep	72.29	72.85	76.46	76.20
Dec	72.88	73.39	78.25	78.30
Mar	73.25	73.59	78.85	78.78
Jun	71.50	71.46	71.46	71.38
Sep	72.50	72.16	72.18	71.58
Est. sales 10.1M. Prev. sales 8.1M. Prev day's open int 5.2M, up 21.				71.96

[illegible]

Fri	71.55	81.18	71.45	80.57	+1.12
Mar	77.00	81.18	77.45	80.57	+1.12
May	17.80	77.00	17.45	78.85	+1.12
Jul	73.35	74.95	73.35	74.45	+1.10
Aug	71.40	72.55	71.40	72.40	+1.00

Prev. sales \$408.  
Prev day's open int 15,702 off 441.

Oct	444.80	450.00	436.00	447.50
Nov	450.00	462.00	441.50	441.50
Dec	454.00	457.80	443.00	443.50
Jan	458.50	466.70	442.00	453.00
Feb	471.00	474.50	460.00	461.50
Mar	480.00	487.00	476.70	479.70
Apr	486.00	488.00	479.70	479.70

French franc, German mark, Japanese  
Swiss franc. Kansas City Board of Trade: V  
Line. New York Futures Exch.: N  
composite index.

Moody's	base 100	Dec. 31, 1931.
Reuters	base 100	Sept. 14, 1931.
D.J. Futures	base 100	Dec. 31, 1934.

[illegible]

	Figures in sterling per metric ton. Cash in U.S. dollars per metric ton.			
	High	Low	Close	Previous
<b>SUGAR</b>				
Oct	96.75	95.50	96.25	96.75
Jan	N.T.	N.T.	100.85	103.00
Mar	112.70	110.00	113.40	112.90

Figures in French francs per metric ton.				
	High	Low	Gross	Net
<b>SUGAR</b>				
Nov	N.T.	N.T.	1,368	1,368
Dec	1,380	1,355	1,369	1,371
Mar	1,480	1,455	1,475	1,478
May	1,540	1,520	1,535	1,540
	N.T.	N.T.		

Figures in sterling per metric ton.  
34 1/2 in in price per tray ounce.

	Today	Previous
High grade copper cathodes:		
spot	\$42.00	\$41.00
5 months	\$38.50	\$38.00
Copper cathodes:		

Commodity and unit	Wed
Coffee 4 Santos, lb.	1.42
Printcloth 44-50 3/4 yd.	0.35
Steel billets (PWT), ton	220.00
Iron 2 Fair, PWT, ton	220.00

[illegible]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Cocoa</b>												
1st	1.01	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12
2nd	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24
3rd	1.25	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36
4th	1.37	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48
5th	1.49	1.50	1.51	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60
6th	1.61	1.62	1.63	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72
7th	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84
8th	1.85	1.86	1.87	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96
9th	1.97	1.98	1.99	2.00	2.01	2.02	2.03	2.04	2.05	2.06	2.07	2.08
10th	2.09	2.10	2.11	2.12	2.13	2.14	2.15	2.16	2.17	2.18	2.19	2.20
11th	2.21	2.22	2.23	2.24	2.25	2.26	2.27	2.28	2.29	2.30	2.31	2.32
12th	2.33	2.34	2.35	2.36	2.37	2.38	2.39	2.40	2.41	2.42	2.43	2.44
13th	2.45	2.46	2.47	2.48	2.49	2.50	2.51	2.52	2.53	2.54	2.55	2.56
14th	2.57	2.58	2.59	2.60	2.61	2.62	2.63	2.64	2.65	2.66	2.67	2.68
15th	2.69	2.70	2.71	2.72	2.73	2.74	2.75	2.76	2.77	2.78	2.79	2.80
16th	2.81	2.82	2.83	2.84	2.85	2.86	2.87	2.88	2.89	2.90	2.91	2.92
17th	2.93	2.94	2.95	2.96	2.97	2.98	2.99	3.00	3.01	3.02	3.03	3.04
18th	3.05	3.06	3.07	3.08	3.09	3.10	3.11	3.12	3.13	3.14	3.15	3.16
19th	3.17	3.18	3.19	3.20	3.21	3.22	3.23	3.24	3.25	3.26	3.27	3.28
20th	3.29	3.30	3.31	3.32	3.33	3.34	3.35	3.36	3.37	3.38	3.39	3.40
21st	3.41	3.42	3.43	3.44	3.45	3.46	3.47	3.48	3.49	3.50	3.51	3.52
22nd	3.53	3.54	3.55	3.56	3.57	3.58	3.59	3.60	3.61	3.62	3.63	3.64
23rd	3.65	3.66	3.67	3.68	3.69	3.70	3.71	3.72	3.73	3.74	3.75	3.76
24th	3.77	3.78	3.79	3.80	3.81	3.82	3.83	3.84	3.85	3.86	3.87	3.88
25th	3.89	3.90	3.91	3.92	3.93	3.94	3.95	3.96	3.97	3.98	3.99	4.00
26th	4.01	4.02	4.03	4.04	4.05	4.06	4.07	4.08	4.09	4.10	4.11	4.12
27th	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.20	4.21	4.22	4.23	4.24
28th	4.25	4.26	4.27	4.28	4.29	4.30	4.31	4.32	4.33	4.34	4.35	4.36
29th	4.37	4.38	4.39	4.40	4.41	4.42	4.43	4.44	4.45	4.4		

	1971	1972	1973	1974
664 lots of 50 tons. Open Interest: 13,460				
<b>Cocoa</b>				
Sept	N.T.	N.T.	—	1,200
Dec	1,200	1,200	1,197	1,204
Mar	N.T.	N.T.	1,242	1,255
May	N.T.	N.T.	1,279	1,282
July	N.T.	N.T.	1,310	1,320
Sept	N.T.	N.T.	1,340	1,346

3 months	1,220.00	1,230.00	1,270.00	1,270.00
Lead: spot	300.00	301.20	298.00	29
3 months	312.00	312.80	309.00	31
Zinc: spot	440.00	441.00	436.00	44
3 months	447.00	447.50	443.00	44
Silver: spot	530.00	531.00	526.00	53
3 months	544.00	544.50	539.00	54
Aluminum: spot	550.00	550.00	540.00	55

Tin (330,000 lb.)	4.120
Zinc (50,000 lb.)	40.42
Silver N.Y. oz.	9.14

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## U.S. Money Rates

Sep

[illegible]

COFFEE						
Sep	1.488	1.450	1.446	1.486	1.435	1.45
Nov	1.380	1.335	1.367	1.348	1.334	1.37
Jan	1.259	1.222	1.230	1.279	1.279	1.22
Mar	1.205	1.183	1.188	1.190	1.181	1.18
May	1.149	1.131	1.140	1.142	1.132	1.13
July	1.125	1.110	1.105	1.110	1.100	1.10
Sept	1.108	1.075	1.069	1.074	1.063	1.06

Sen	1,880	1,740	1,770	1,780	+4
Nov	1,620	1,570	1,610	1,611	+5
Jan	1,525	1,525	1,520	1,525	+6
Mar	1,470	1,470	—	1,485	+9
May	1,440	1,430	1,440	1,457	+13
Jty	1,428	1,420	1,425	1,435	+12
Sep	1,430	1,390	1,430	1,433	+4

124 lots. Open interest: 846

## Mexican Bank Official Forecasts 90% Inflation

DISCOUNT RATE	7.00%
Broker Loan Rate	11.00
Commercial Paper, 30-90 days	9.42
3-month Treasury Bills	7.29
6-month Treasury Bills	9.14
CD's 30-90 days	9.25
CD's 60-90 days	10.05

[illegible]

Oct	370.25	367.00	370.00	312.00	364.50	364.75
Nov	214.50	310.00	313.75	314.00	309.00	309.25
Dec	218.00	312.75	317.75	318.00	317.00	317.50
Jan	318.25	313.50	317.50	318.50	317.00	317.25
Feb	318.00	314.00	317.00	318.00	309.75	309.75
Mar	312.00	308.00	311.00	311.75	303.00	305.00
Apr	N.T.	N.T.	303.00	309.00	300.00	307.00
May	N.T.	N.T.	308.00	310.00	295.00	308.00

Dividends		Sept. 27	
	USUAL		
Cowens	Per.	Actual	Prev.
BBC Realty Invest	..	.25	10-29
Berkline Corp	Q	.12 1/2	10-29
Church's Fr Chick.	..	.25	11-15
DI Georgia Corp	Q	.16	11-15
Edwards & Spauld	Q	.08	10-29

Mexico is expected to reach percent by the end of the year, according to Jesus Marcos Yacamán, chief of the Bank of Mexico's economic studies department.

**BANGKOK** — Esso Standard  
(Thailand), a unit of Exxon,  
accepted the government's tax

[illegible]

Oct	261.00	257.00	259.08	260.80	249.28	249.08
Nov	N.T.	N.T.	259.38	261.70	250.60	251.90
Dec	264.50	263.08	263.25	264.50	253.28	253.90
Jan	N.T.	E.T.	264.30	266.30	255.00	254.10
Feb	N.T.	N.T.	266.30	268.30	264.50	258.50

Pizzoli	Q	29	10-29	10-1
Phy-Corn Industries	Q	18	11-22	10-2
SJV Corp	Q	25	10-20	9-3
Valley Resources	Q	35	10-18	9-3
Winco Real Invest	Q	23	10-15	10-1

cast was based on prices in the first eight months of the year. Other observers have predicted:

63,000 barrels a day from 43,000 barrels a day, said **Kon Thaprasangsi**, adviser at the **Industry Ministry**, said Wednesday. **Esso-Standard** has put the project at more than \$5 million.



## BUSINESS BRIEFS

### Bolivia Unable to Meet Loan Payment

LA PAZ — Bolivia is unable to fulfill its repayment obligations to a 128-bank consortium led by the Bank of America, according to Alfonso Revollo, the finance minister.

Mr. Revollo said Tuesday a repayment period expires in the next few days and that Bolivia is unable to meet a payment of \$40 million. Bolivia missed a payment of \$10.2 million about two weeks ago and was granted 30 days' grace by the banking consortium to pay.

Under an agreement reached by Bolivia and the banks on April 29, 1981, a total of \$450 million of foreign debt was rescheduled until August 1983.

### Group Seeks U.K. Woolworth Stake

NEW YORK — F.W. Woolworth has confirmed that it is holding talks with a British merchant bank that is attempting to organize a group to purchase Woolworth's 52.6 percent holding in the British Woolworth chain.

In London, Charterhouse Japhet said Tuesday that it was the merchant bank involved but declined to identify the members of the buying group.

Woolworth in New York said only that it expects a resolution of the talks within a week. The London Stock Exchange suspended trading Tuesday in Woolworth of Britain shares because of market rumors of an imminent takeover.

### Philips and AT&T Study Cooperation

EINDHOVEN, the Netherlands — Philips N.V. opened formal negotiations Wednesday with American Telephone & Telegraph Co. on the development of digital telephone and communications systems, a Philips spokesman said.

The spokesman said the formal talks followed unofficial contacts over a long period and focused on possible cooperative development of digital telephone and other communications exchanges. "It is too early to say what might be manufactured or where or how much would be involved," the spokesman said.

### Lloyd's Member Is Suspended

LONDON — Lloyd's of London, the worldwide insurance syndicate, has suspended a member from its ruling committee for the first time in its nearly 300-year history.

Jan Pogatzke was suspended after irregularities were found in the accounts of Alexander Howden, of which Mr. Pogatzke is a director.

The affairs of Howden are being investigated by the Department of Trade and by London police because of information handed over Monday by a U.S. company, Alexander & Alexander Services, which took over Howden last January. The controversy is over reinsurance business that Howden allegedly placed with companies secretly controlled by some of Howden's former directors and one former chairman. Alexander said this week it had filed suit against five former Howden officers.

### VW Extends Short-Time Working

WOLFSBURG, West Germany — West Germany's largest car manufacturer, Volkswagen, said Wednesday it would put workers on further short time at its six West German factories because of continuing falling orders.

A spokesman said the measures would affect approximately one-third of VW's 120,000-member work force. He said the employees would work a total of 78 further short-time days on top of the 68 days set earlier in the year.

### Bethlehem to Close West Coast Mill

LOS ANGELES — Bethlehem Steel Corp. will give up steel production on the West Coast, the company has announced, shutting down its Los Angeles mill by the end of the year and putting its Seattle plant up for sale. The two plants represent about 4 percent of the company's raw steel capacity.

Compiled From Agency Dispatches

## EC Orders More Cutbacks in Steel Production

The Associated Press

BRUSSELS — The European Community Wednesday predicted more hard times for the slumping steel industry and ordered cutbacks in output under an EC crisis plan.

EC Industry Commissioner Etienne Davignon said steel consumption in the 10 member countries would drop to 24.1 million tons in the final quarter of the year, 3.4 million tons less than in the year-earlier period.

The EC steelmakers, moreover, will be able to export only about 5 million tons of steel, 2.3 million tons less than in the final quarter of 1981, Mr. Davignon said.

He predicted that widespread losses by European steelmakers would continue into 1983 and warned that without cuts in production to match falling demand, price wars would hurt the entire industry.

"The reality of these figures will have to be taken into account," Mr. Davignon told reporters. "It's clear that in this situation one has

### New Offerings Of Eurobonds Top \$500 Million

Reuters

LONDON — Dresser Industries, United Technologies and GMAC Overseas Finance led a number of issuers to the Eurobond market Wednesday as a total of more than \$500 million in paper was issued.

United Technologies is issuing \$100 million of 12 1/2 percent, seven-year Eurobonds at par; the issue is led by Goldman Sachs International. Dresser is offering a \$75-million, seven-year issue, led by Credit Suisse First Boston, priced at 99 1/4 and carrying a coupon of 12 1/4 percent.

GMAC Overseas Finance is raising 100 million Deutsche marks through a five-year issue led by Deutsche Bank, bond market sources said. The issue carries a coupon of 8 1/4 percent, with par pricing, and is guaranteed by General Motors Acceptance Corp.

Ontario Hydro is issuing \$200 million of 12 1/2 percent, 10-year bonds priced at 99 1/4; Deutsche Bank is the lead manager. Japan Development Bank will issue a \$75-million, seven-year Eurobond. The issue, led by Morgan Guaranty and guaranteed by the Japanese government, will carry a 12 1/4 percent coupon and be priced at par.

to pay close attention to price trends."

Under the crisis plan, cuts will be made in production of hot rolled coil, uncoated sheet, galvanized sheet, merchant bars, quarto plate and heavy sections. Quotas for wire rod and reinforcing bars were untouched.

If the current trend continues, the annual rate of steel production in the EC will be less than 100 million tons, compared to 155 million in 1974. That would be the lowest total since the European Coal and

Steel Community was formed in 1952.

Mr. Davignon said the slump was attributable to the continuing development of substitutes for steel and a worldwide recession in which there is less demand for automobiles and other manufactured goods.

In the past four years, 150,000 jobs have been lost in the EC steel industry. In Britain, where the biggest cutback has been registered, the work force has dwindled to 81,000 from 165,000 in 1978.

U.S. Asks Vote Delay

The U.S. Commerce Department has asked the International Trade Commission to postpone its final vote on whether the domestic steel industry has been harmed by European competition, a ruling that could lead to import duties. Reuters reported from Washington. In a letter to the ITC chairman, Alfred Eckes, Commerce Undersecretary Lionel Olmer said talks are under way aimed at resolving the trade dispute between Europe and the U.S.

## Money Funds Throw Scare Into U.S. Banks

(Continued from Page 15)

investments. The fear is that the fund's investors might withdraw their money if they see that the fund is holding a CD of a bank that had recently encountered problems.

There are 400,000 investors in Shearson/American Express money market mutual funds who make their investments through 4,200 brokers, said Jeffrey B. Lane, senior executive vice president of the corporation, which runs a number of funds, including the \$6.4-billion Shearson Daily Dividend Fund. "I don't want to have to convince the 4,200 brokers that the bank's CD is good, it's not worth my time," he said.

It is this kind of attitude that is troubling many officials and bankers. They argue that because of the vast size of some of the money market mutual funds, their managers should consider the effect of their actions on the financial markets as well as the short-term interests of their clients.

Most money fund managers do not agree. "You have \$200 billion of assets floating around, that's no small matter," Mr. Lane acknowl-

edged. "But we are not being paid to take risks, be diplomats or heroes. We want our customers to sleep well."

Even those who are deeply concerned about the impact of the money funds on the market concede that the fund managers' first responsibility is to their investors.

"I've felt for a long time that we'd be better off if we had a smaller money market mutual fund industry," said J. Charles Partee, a governor of the Federal Reserve Board. "I've always thought of the funds as being impersonal investors with no continuing relationships that they want to preserve. They represent total self-interest — I wouldn't expect anything else from them."

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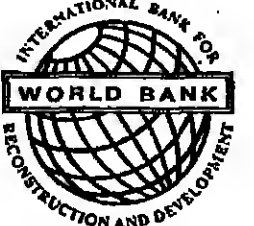
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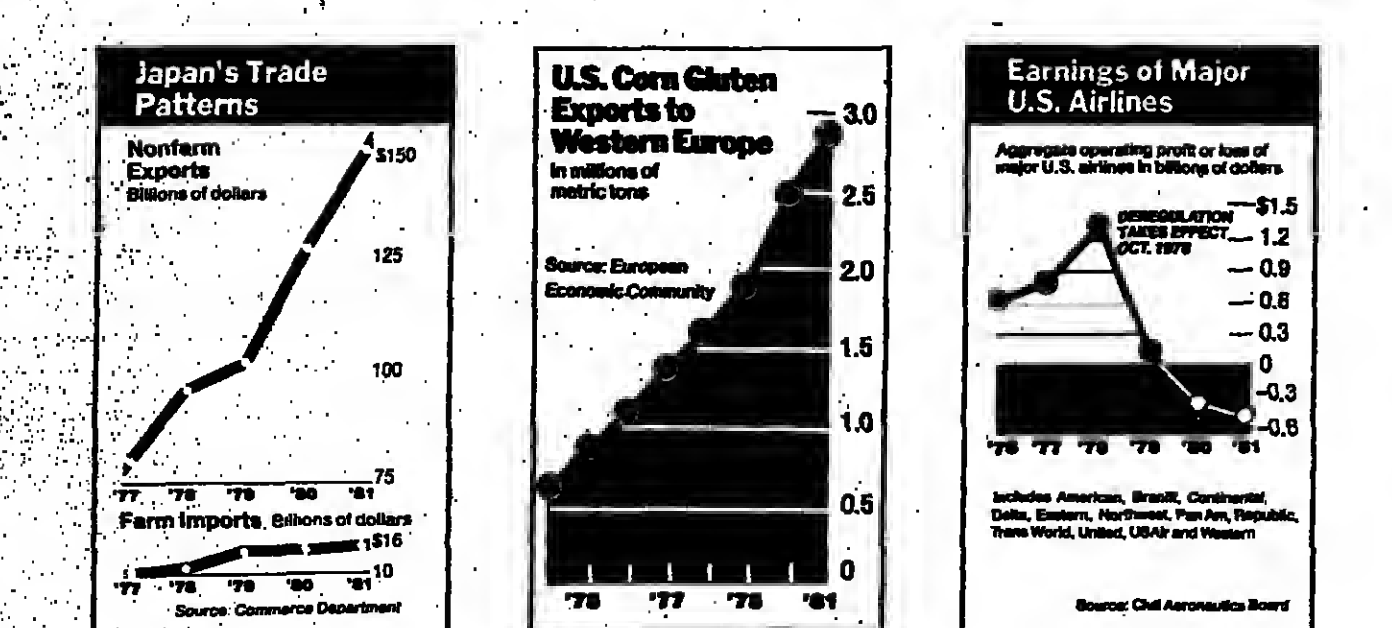
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<b>Morgan Stanley International</b>	<b>Orion Royal Bank Limited</b>	<b>S.G. Warburg &amp; Co. Ltd.</b>
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<b>Deutsche Kreditbank Aktiengesellschaft</b>	<b>Deutsche Kreditbank Aktiengesellschaft</b>	<b>Eurobank S.p.A.</b>
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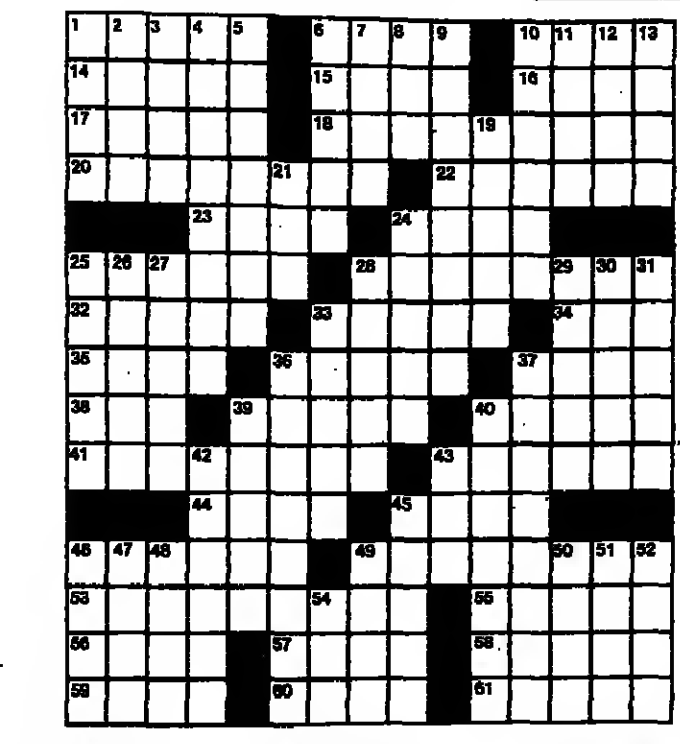
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  - 6 Egyptian deity
  - 10 Ferrer and Torne
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  - 16 Elliptical
  - 17 Gracefully draped garments
  - 18 Like Salome
  - 20 Disquisition
  - 22 Needing to be taken to the cleaners
  - 23 Kind of bag
  - 24 Ego
  - 25 "Blue book" family
  - 28 No, no, no
  - 32 Haute
  - 34 Sphere
  - 35 Party mixture
  - 36 Circumspect
  - 37 Cornea irritant
  - 38 Literary oddments
  - 39 Actors Blome and Fleming
  - 40 "Juddih"
  - 41 Dregs
  - 43 Overfond lovers
  - 44 Half gainer, e.g.
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  - 6 Outmoded
  - 7 What Daphne became
  - 8 Conjunction
  - 9 Dipterous insect
  - 10 Recurring themes
  - 11 Baseness
  - 12 Wash
  - 13 Kane's "Rosebud"
  - 19 Padraic, Irish poet
  - 21 "... a warm wind ..."
  - 24 Tower
  - 25 Rockefeller Center statue
  - 26 Net
  - 27 Tire pattern
  - 28 Become innervated
  - 29 Honor piously
  - 30 Successor to our quart?
  - 31 Sir Patrick of balladry
  - 33 "Watch on the"
  - 36 Break in a dike
  - 37 Impel
  - 38 Issues
  - 40 Harness-hard-ware maker
  - 42 Ultimates
  - 43 Period
  - 45 Tantrum
  - 46 Marina mole
  - 47 Madame Bovary
  - 48 Rod for a roast
  - 49 Say it is so
  - 50 Tennis great
  - 51 Fight endings, for short
  - 52 Actual existence
  - 54 League

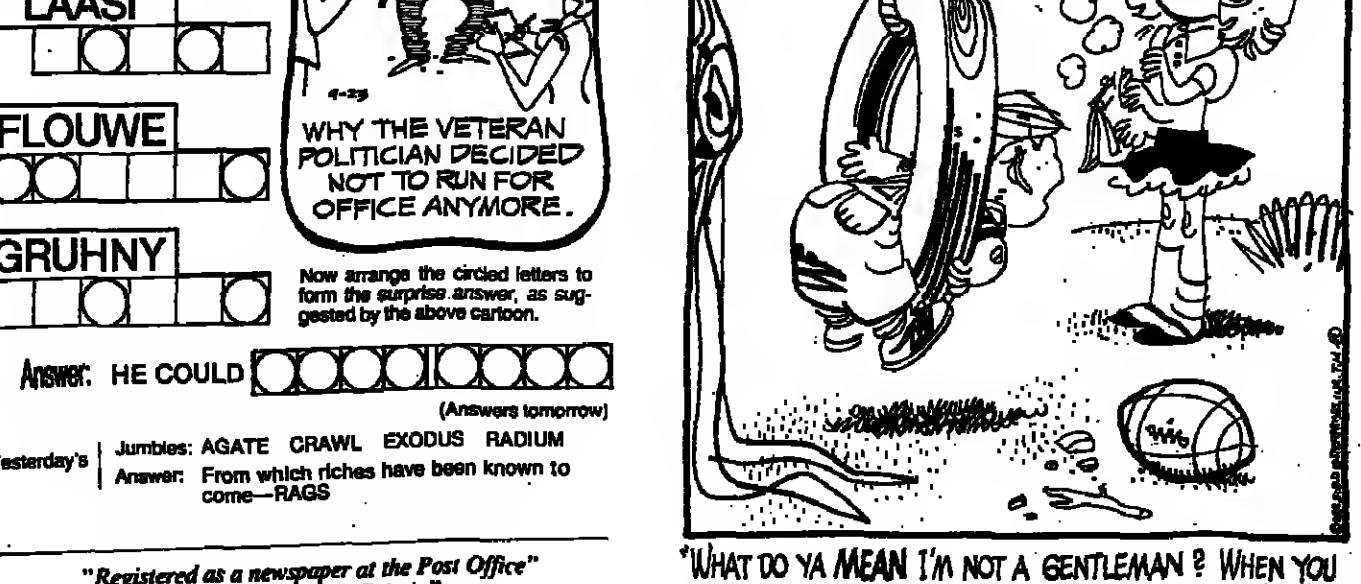
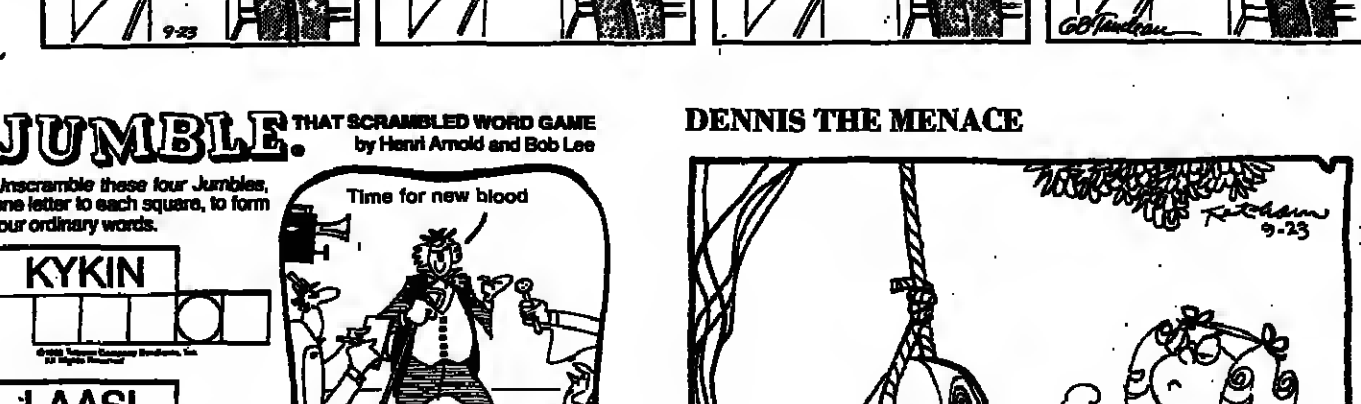
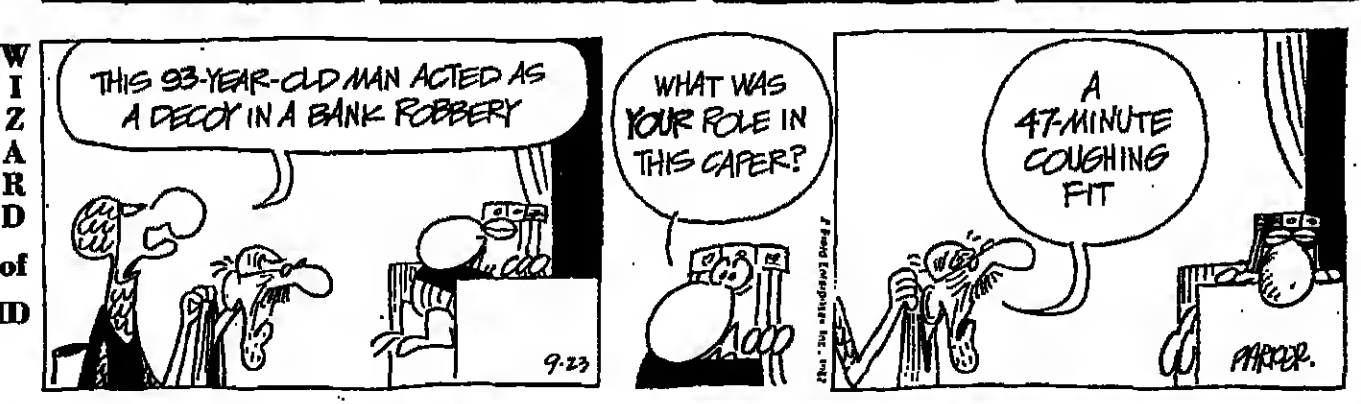
WEATHER

	HIGH	LOW		HIGH	LOW
ALBANY	31	28	LOS ANGELES	30	26
ALBUQUERQUE	31	28	MADEIRA	30	26
AMSTERDAM	16	10	MANILA	23	19
ANKARA	23	17	MEXICO CITY	24	17
ATHENS	27	16	MIAMI	30	26
AUCKLAND	14	10	MILAN	23	19
BANGKOK	34	26	MONTREAL	19	15
BEIRUT	23	17	MOSCOW	16	10
BERLIN	19	15	MUNICH	18	14
BIRMINGHAM	20	16	NAGASAKI	23	19
BOMBAY	27	23	NEW DELHI	25	21
BRAZILIA	23	19	NEW YORK	21	17
BUDAPEST	21	17	OSLO	15	11
BURBANK	23	19	PARIS	17	13
CAIRO	23	19	PRAGUE	17	13
CHICAGO	23	19	REYKJAVIK	14	10
COPENHAGEN	16	12	RIO DE JANEIRO	21	17
COSTA DEL SOL	23	19	ROME	24	20
DAMASCUS	23	19	SAO PAULO	24	20
DUBLIN	12	8	SEOUL	24	20
EDINBURGH	12	8	SHANGHAI	24	20
FLORENCE	23	19	SINGAPORE	24	20
FRANKFURT	17	13	STOCKHOLM	17	13
GENEVA	16	12	SYDNEY	17	13
HARARE	22	18	TAIPEI	27	23
HELSINKI	16	12	TAIPEI	27	23
HONG KONG	23	19	TEHRAN	27	23
HOUSTON	23	19	TOKYO	27	23
ISTANBUL	23	19	TUNIS	27	23
JERUSALEM	23	19	VENICE	24	20
LA PALMA	23	19	VIENNA	24	20
LIMA	23	19	WARSAW	16	12
LISBON	23	19	WASHINGTON	19	15
LONDON	14	10	ZURICH	18	14

ADVERTISING INTERNATIONAL FUNDS SEPTEMBER 22 1982

The following table shows the closing prices of the funds listed below as reported by the Funds listed with the Securities Information Company. The closing prices are based on the closing prices of the funds as reported by the Securities Information Company. The closing prices are based on the closing prices of the funds as reported by the Securities Information Company.

BANK OF AMERICA FUNDS		UNITED STATES OF AMERICA FUNDS	
(1) Bank of America Fund	\$F 72.00	(1) United States Fund	\$F 72.00
(2) Bank of America Fund	\$F 72.00	(2) United States Fund	\$F 72.00
(3) Bank of America Fund	\$F 72.00	(3) United States Fund	\$F 72.00
(4) Bank of America Fund	\$F 72.00	(4) United States Fund	\$F 72.00
(5) Bank of America Fund	\$F 72.00	(5) United States Fund	\$F 72.00
(6) Bank of America Fund	\$F 72.00	(6) United States Fund	\$F 72.00
(7) Bank of America Fund	\$F 72.00	(7) United States Fund	\$F 72.00
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(10) Bank of America Fund	\$F 72.00	(10) United States Fund	\$F 72.00
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(44) Bank of America Fund	\$F 72.00	(44) United States Fund	\$F 72.00
(45) Bank of America Fund	\$F 72.00	(45) United States Fund	\$F 72.00
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(69) Bank of America Fund	\$F 72.00	(69) United States Fund	\$F 72.00
(70) Bank of America Fund	\$F 72.00	(70) United States Fund	\$F 72.00
(71) Bank of America Fund	\$F 72.00	(71) United States Fund	\$F 72.00
(72) Bank of America Fund	\$F 72.00	(72) United States Fund	\$F 72.00
(73) Bank of America Fund	\$F 72.00	(73) United States Fund	\$F 72.00
(74) Bank of America Fund	\$F 72.00	(74) United States Fund	\$F 72.00
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(99) Bank of America Fund	\$F 72.00	(99) United States Fund	\$F 72.00
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BOOKS

**MONSIGNOR QUIXOTE**  
By Graham Greene. 221 pp. \$12.95.  
Simon & Schuster, 1230 Avenue of the Americas, New York 10020.  
The Bodley Head Publishers, 9 Bow St., Covent Garden, London EC3 95.

Reviewed by Frederick Busch

ONE opens "Monsignor Quixote" (to quote Greene on another writer) "with all the excitement that comes from complete confidence in the author." The confidence is rewarded: this is a witty, often funny, and very moving novel. It is not made gray by the dourness of some of his lesser novels ("The End of the Affair," "A Burnt-Out Case"); this one is Greene at his vigorous, of storytelling pleasure, and with an author's excitement over right characterization. He is at his best in this novel, and he knows it. I could feel him feeling so, probably against his will, as he wrote. That knowledge communicates itself to the reader, page by page and chapter by chapter. And by the time Father Quixote was blowing up condoms like balloons in the bordello to which his latter-day Sancho had taken him, I was laughing out loud.

Quixote of La Mancha, an aging and comfortable parish priest, knows that he is descended from Don Quixote. While his bishop, who detests the unorthodoxy and zest in him, insists that a man cannot be descended from a character in fiction, the father quietly refers to Cervantes as "the biographer" of his ancestor. His Sancho Panza, the recently defeated Communist mayor of El Toboso, is named Zancas, "which was the surname of the original Sancho Panza" in Cervantes's truthful history. "Quixote" course calls his madman beloved "Señor Quixote," after the first of the assumptions, offered from the start, with which this sweet novel begins. With two important exceptions, it is told, though in the third person, with the tone, and frequently the words, of Quixote's thinking. A peasant who is a priest and who is (nearly by accident) elevated to the rank of monsignor, Father Quixote thinks about his faith. His voice is the novel's, and Greene is never patronizing—one hears the book as one hears the voice of a simple, decent, and thoughtful man.

When he is made monsignor, the father takes a leave and embarks with Sancho on a wandering pilgrimage through contemporary Spain, toward and away from his doubts. The first, effortless chapter commences occasions for talk and more talk—about Sancho's forlorn Marxism and Quixote's earnest Catholicism—and provides a frame for tales and picaresque adventures, as well as lovingly wrought biblicism. Never has wine been so well-appreciated in recent fiction. As the original Quixote loved outdated books of chivalry, so Sancho loves a Marxism that communism has left behind, while our Quixote's favored books "are of chivalry too. Saint John of the Cross, Saint Teresa, Saint Francis de Sales." These two lovers of failed or neglected books of love drink and discuss their way across the crisscrossing paths of cruel Guardia and disapproving church. They offer us important small decisions: that "religion is the Valium of the poor"; that a white Roman collar may look "like a handkerchief signaling distress"; that the priest who possesses complete belief lacks "the dignity of despair"; their speculations on birth control as related to moral theology are worthy of Hamlet's nurse and are worth the price of admission.

The analogy to "Don Quixote" while used to propel the adventures in our minds, is not that heavily leaned upon by Greene. And it does not merely remind us; it serves to remind us that fact and fiction are not always easy to separate; a Trappist monk, who offers refuge to our heroes, says "Fact or fiction—in the end you can't distinguish between them—you just have to choose." Faith could be such a fictional process, Greene tells us; God could be its product. He writes, Greene reminds us, not about ease in faith, but about the pain of doubt—intelligent religion, not mere miming of prayers.

Thus, the complaisant Quixote, who can say he wants others to believe because "I want them to be happy," because "the believers will fight another believer over their difference; the doubter, fights only with himself." He reveals himself more and more, as the novel progresses, to be the doubter of whom he speaks. It becomes clear that while Quixote's love of God never diminishes, it is also true that "when I speak of belief, I become aware always of a shadow, the shadow of unbelief haunting my belief." In a stunning scene that is at once hilarious and sadening, Quixote hears the confession of an undertaker, who has stolen the brass handles from a dead priest's coffin, while the father sits, hand behind his eyes, on the seat of a toilet in the compartment of a men's room in a bar. "He thought, 'I didn't say the right words. Why do I never find the right words?' The man needed help and I recited a formula. God forgive me."

God might, but the church and state will not. Quixote is kidnapped by the church whose efficacy he doubts and whose mandates he embarrasses. (The scene in which Sancho looks for him, and meets English-speaking tourists, is very funny and touching.) The state is after Quixote, and Sancho too, and we have seen the Guardia in deftly noted moments, more and more clearly menacing them. We feel actual threat accumulating, and when the tale journey becomes headlong flight, it feels like a suitable escape because Greene has made us feel that Quixote is born to be hunted. And he has made us feel that such a good man—"O God, make me human, let me feel temptation. Save me from my indifference"—is bound to be brought down by such a world as ours.

Unlike the father, Greene has felt temptation. He is human. But the women in this novel—as if by now Greene, turned priest, were himself renouncing them—are either literary (Don Quixote's Dulcinea), saintly (Theresa), or splendidly incidental persons (the father's housekeeper, Teresa, who seems up to her eyes in the novel). Strong women of flesh and blood are absent, and it strikes me that Greene is comfortable with the absence. In his last novel, "Dr. Fischer of Geneva," Alma-Louise, the narrator's wife, died early in the book, her hours of life on the page were rather unconvincing; anyway, in the novel before that, "The Human Factor," Maurice surrenders everything for Sarah and then must leave her behind. And in "Monsignor Quixote," the central woman, not dead or deserted or necessary, is simply never present; she lives in the word of the church and the minds of believers as a saint. If Greene's personae are gradually stripping the life of flesh from themselves, his genius is not—this novel has absolutely as much about the body of the world as it needs, and its lean and simple language offers its amplitude.

The novelist, a doubting Catholic, declares his art to be free. And the novel, of course, from here on, is about a contest between Quixote and his fate. What occurs, Greene reminds us, is about a unique soul on the earth. Greene works hard—as in his public statements about his fiction—to remind us that he is not writing propaganda for a church, or a literary source. He is concerned with how, in such darkness, the search for honest belief takes place. He makes his character work because of the story the father descends from. He then teaches us about writing as an art and story as its servant by making Quixote master of the story in which he began.

The end of the novel must remain between you and Graham Greene. You need not bother to answer Quixote's "Don Quixote" before you read this novel. But do read this novel. See if, at the end, as I was, you aren't amazed by how, effortlessly Greene makes the obvious into something new, and the unlikely event into a real and plausible occasion.

And those "balloons" in that bordello? The good father reads himself to sleep with the "prophet Marx," and he sleeps the whole night through. He is wrapped in darkness and awakened to light by the master, whom you ought to see at work and, most happily for us, very much at play. I don't know when he's been better. He is Rembrandt, with laughter.

Frederick Busch's most recent novel is "Take This Man." A new novel, "The Outlaw Jew," will be published in the spring. He wrote this review for The Washington Post.

**Sex Education Book Halted**

The Associated Press

NEW YORK — St. Martin's Press, publisher of the children's sex-education book "Show Me!" has stopped distribution because of a U.S. Supreme Court ruling upholding a law barring use of children in sexually explicit photographs, regardless of whether they are judged obscene. The book, first published in West Germany in 1974, contains photographs of nude children. St. Martin's said it feared they could be interpreted as violating the law.

**BRIDGE**

By Alan Truscott

At nearly all tables, North-South made a game or collected a penalty from a diamond contract.

**NORTH(D)**

♠ 753  
♥ 865  
♦ —  
♣ KJ1082

**WEST**

♠ QJ1064  
♥ K102  
♦ Q432  
♣ 6

**EAST**

♠ A3  
♥ 7  
♦ AJ10985  
♣ 9753

**SOUTH**

♠ K2  
♥ AQJ54  
♦ K76  
♣ AQ4

North and South were vulnerable. The bidding:

North: East: South: West:  
Pass: 3♣: 3♥: 5♠: 4♣: Pass: Pass:  
Pass: Pass: Pass: Pass:



## SPORTS

## Dispute in a Nutshell

NEW YORK — Here is the essence of dispute that prompted the National Football League players to go on strike.

**ISSUES**—The members of the NFL Players Association contend that their average salaries lag too far behind revenues produced by the league's national television contracts and the rising ticket prices charged by the 28 clubs. The union says the average player salary in 1981 was \$83,811. Management says it was \$90,102.

To get what they perceive as their fair share, the players are demanding a fixed percentage of the owners' television contracts. In their last contract proposal, the players asked for 50 percent of the television revenues for the next four years, a total they put at \$1.6 billion. They also demand that the \$1.6 billion be given to the union, to be dispersed through a wage scale based on seniority.

The owners, who have offered \$1.6 billion over five years, are demanding a settlement based on individual contract negotiations, which is how the players have always been paid.

**WHO IS AFFECTED**—About 1,500 players, most of whom belong to the union; the owners of the 28 clubs; many of their non-athlete employees who are paid on a game-by-game basis; individuals, such as parking lot owners, whose income is generated by NFL games, and millions of fans around the United States.

**WHAT IS AFFECTED**—The NFL's 16-game regular season, possibly the three rounds of playoffs leading to Super Bowl XVII, and programming on the three television networks.

**OUTLOOK**—Because the conflict is one of ideologies as well as dollars, and both sides are adamant, the strike could cancel a significant part of the season.

## Both Sides Settle In for Lengthy Strike

By Michael Janofsky

New York Times Service

NEW YORK — As the National Football League's first in-season player strike got underway, each side was talking about the possibility of resuming games without the other rather than resuming negotiations.

No negotiations were scheduled, training facilities around the league were closed on orders of the Management Council, and the scheduled games of the season's third week were virtually eliminated.

On Wednesday the NFL announced that a game Thursday night between Atlanta and Kansas City would not be played as scheduled. A spokesman specified that the league was not cancelling the game, but merely stating that it would not be played Thursday.

Jack Donlan, the executive director of the Management Council, had said previously: "We will be examining the situation day by day. From a practical standpoint, if the game isn't played Thursday night, we would be hard pressed to play games through the weekend."

"If the players don't come to practice Wednesday and Thursday, and there's no game Thursday night, it's clear we won't play Sunday. Then we'll re-evaluate our position to determine whether we'll open to see who comes in."

He added, however, that the league was in-

terested in the possibility of playing games only if the players available — nonstriking veterans and free agents — were "of NFL caliber."

In Washington, meanwhile, the NFL Players Association proceeded with its plans to establish a six-team "All-Star League." The teams would be composed of striking players and would represent each of the NFL's six divisions.

Bob Wussler, the president of the Turner Broadcasting System, the cable network that plans to televise these games, said from Atlanta that the league would open with a game Sunday Oct. 10, either at the Cotton Bowl in Dallas or at Franklin Field in Philadelphia and that another game had been scheduled for the next night at Robert F. Kennedy Stadium in Washington.

Donlan said that the council would take legal action against any NFL player who joined the union league.

The basis for such an action, according to Dennis Curran, the council's labor relations attorney, is a clause in every player's contract that precludes the player from participating in non-NFL football-related activities or activities that involve a significant risk of personal injury.

Dick Berthelsen, an attorney for the players association, argued that this clause did not necessarily apply. "The standard player contract

was unilaterally imposed upon the players by the clubs in 1976, before there was a collective bargaining agreement in 1977," he said.

At a news conference Tuesday, Donlan outlined steps that the league had taken.

Donlan said that the council had informed the 28 clubs that players should not be paid any part of their salaries for the third week of the season and thereafter, whether the players were active, inactive or injured; that players would not be allowed to practice at club facilities; that players would be allowed to enter club facilities Tuesday to pick up personal belongings or to get medical treatment but that beginning Wednesday players could not receive treatment or rehabilitation at club facilities, and that the clubs would continue to pay for treatment or rehabilitation of injured players.

**Garvey Says Season Not Dead**

Ed Garvey, executive director of the NFL Players Association, said Wednesday that he did not believe a lengthy strike would necessarily force the NFL to scuttle the season, United Press International reported from Chicago.

Appearing on a television interview program, Garvey said: "The strike could go a long time, but I don't think it would necessarily cancel the season. There's a lot of ways to make it up. There's a dead week between the playoffs and the Super Bowl for one. And the players are prepared to extend the season."

## The Players' Proposal

The Associated Press

NEW YORK — Details of the latest contract offer proposed by the National Football League Players Association and rejected by the NFL Management Council:

**TOTAL PACKAGE**—\$1.6 billion over four years. **SOURCE**—\$1.068 billion from the NFL's five-year package with the three TV networks and \$532 million from other team revenue.

**DISTRIBUTION**—Under a league-wide salary cap each season, to be paid from a fund administered by team management. For 1982, the total would be \$325 million; 1983, \$400 million; 1984, \$425 million; 1985, \$450 million.

**COVERAGE**—Minimum salaries, pension, insurance, severance pay, incentive bonuses, playoff money and compensation for players whose previously negotiated individual contracts pay them more than the minimum wage scale (they would receive the higher amount).

**SALARIES**—\$81,000 for a rookie this year, \$89,000 for a rookie in 1983, \$94,000 for a rookie in 1984 and \$99,000 for a rookie in 1985. The range goes as high as \$333,000 for a 12-year veteran this year to \$409,000 for a 12-year veteran in 1985.

After 12 years of service, a player would receive \$15,000 for each year past 11 years and that money would be placed in a tax-sheltered individual savings account to be taken out only after a player leaves the NFL. Pro Bowl players would receive an undetermined additional base salary amount.

Owners would spend an additional maximum of \$500,000 per year on signing bonuses for rookies or free agent veterans, and contribute \$15 million a year to the pension fund and \$3 million per year to a jointly administered insurance fund.

**FREE AGENCY**—After three complete seasons in the league.

## SPORTS BRIEFS

## Appeal Court Stays NCAA TV Ruling

DENVER — A panel of federal judges Wednesday granted a request by the National Collegiate Athletic Association for a temporary legal order that will prevent colleges from selling television broadcast rights to their football games.

Howard Phillips, clerk of the appeals court, said the stay of a lower court order nullifying the NCAA's multimillion dollar contracts with networks to televise college football games was granted pending a final order by the U.S. 10th Circuit Court of Appeals.

The order stays a ruling last week that held the NCAA in violation of federal antitrust laws and struck down existing television contracts.

## Raiders Said to Sue for \$22.5 Million

LOS ANGELES — The National Football League could be forced to pay the Los Angeles Raiders and the Memorial Coliseum more than \$22.5 million damages as a result of an antitrust decision against the league, the Daily News of Los Angeles reported Wednesday.

The newspaper said court documents revealed that the Raiders were seeking \$22.5 million damages against the league while the Los Angeles Coliseum Commission is asking for \$5 million. Antitrust awards are automatically tripled.

## Ruling on Landa Appeal Postponed

PARIS — An international auto racing tribunal has postponed judgment on an appeal that could be critical to the outcome of the World Drivers Championship until three days after the final Grand Prix at Las Vegas on Saturday.

It ruled Tuesday that it had insufficient evidence to judge the appeal by the McLaren team against the disqualification of Niki Lauda from third place in the Belgian Grand Prix because his car was four pounds overweight. The tribunal called witnesses and ordered documents presented at a new hearing in Paris Sept. 28.

Keke Rosberg of Finland holds the lead with 42 points, while John Watson, Lauda's teammate at McLaren, has 33 and Lauda 30. If Lauda wins Las Vegas and Rosberg finishes sixth, to get one point, or does not score, then the appeal could be decisive. Lauda would have 39 points, and a successful appeal would restore his four points to give him 43.

## ITF Agrees on Olympic Eligibility

PARIS — The International Tennis Federation has unanimously agreed on a condition for allowing professionals to compete in the 1988 Olympic Games in Seoul if the sport is returned to the Olympics.

In announcing the decision this week, Philippe Chatrier, president of the ITF, said: "The idea is that players, amateur and professional, must only play in ITF recognized tournaments for the four years preceding the Olympic Games in order to qualify for the Games."

The International Olympic Committee must still decide on the readmission of tennis as an Olympic sport, however, and the idea of millionaire stars such as Jimmy Connors and Bjorn Borg competing in the Olympics is certain to generate strong opposition.



Philippe Chatrier

## Borg Envisions November Comeback

STOCKHOLM — Bjorn Borg has started training for his comeback after being away from pro tennis since April. "He is just as good as ever," Borg's trainer, Lennart Bergelin, said Wednesday. "Bjorn has enormous self-confidence and has improved his serve. He is plain and simple, the old Bjorn Borg."

Borg will not compete in the Stockholm Open in early November, but he should make his return in Antwerp, Belgium, on Nov. 29.

## Unsigned Players Conspicuous in NBA

NEW YORK — With the National Basketball Association training camps scheduled to open in nine days, only three first-round draft choices have signed — Dominique Wilkins, No. 3, Atlanta Hawks; David Dunder, No. 15, Phoenix Suns; and Mark McNamara, No. 22, Philadelphia 76ers.

"In my 20 years of being associated with pro basketball," said Larry Fleisher, the general counsel of the National Basketball Players Association, "this is the first time I saw so few first-round picks unsigned so close to the opening of the camps. . . . It is clear that this is a concerted effort on the part of club owners to thwart free agency and to dramatically reduce salaries of rookie contracts. It's also definitely tied to the current collective-bargaining negotiations and is meant to intimidate the players into panic signings. This has not happened."

"I think such a statement by Mr. Fleisher is outrageous," said Russ Granik, the NBA general counsel. "If players have not signed as quickly as in the past, it is not the product of any concerted action, but perhaps because NBA teams do not have the funds to meet the ever-increasing demands of the players involved."

## Pistons Bring Another Russell to NBA

PONTIAC, Michigan — The Detroit Pistons extended a family tradition in the National Basketball Association with the signing of rookie guard Walker D. Russell.

The younger brother of Frank Russell, who played for the Chicago Bulls in 1972-73, and Campy Russell, who plays for the New York Knicks, has signed a multiyear contract with the Pistons, Jack McCloskey, the team general manager, announced. Terms of the agreement were not disclosed.

Walker D. Russell, a fourth-round draft choice out of Western Michigan University, where he was an all-conference guard, ranked 41st in scoring in the NCAA last season at 19.9 points per game.

## Islanders Sign Potvin to Lucrative Pact

UNIONDALE, New York — Denis Potvin, a free-agent defenseman, has signed a multiyear contract with the New York Islanders estimated at \$450,000 a season.

"On behalf of the team, I want to say how pleased we are to have Denis under contract," said William A. Torrey, the Islanders general manager, after Tuesday's agreement. "I'm looking forward to another successful season for both Denis and the team. I expect that Denis will start working out immediately with the club."

Potvin, who turns 29 next month, is one of three defensemen in NHL history to score over 200 goals in his career. The others are Bobby Orr and Doug Mohn. Potvin, in nine seasons with the Islanders, is the club's second-leading scorer with 207 goals and 474 assists for 681 points.

Compiled from Agency Dispatches

## Phillies Snap Cardinal Victory Streak at 8 As Carlton Wins 21st With 14 Strikeouts

Compiled by Our Staff From Dispatches

ST. LOUIS — Pete Rose drove in two runs with a sacrifice fly, and Gary Maddox singled home two more to cap a three-run, fifth-inning rally, leading the Philadelphia Phillies to a 5-2 victory over the St. Louis Cardinals Tuesday night behind Steve Carlton.

Carlton's 14-strikeout performance was the first since 1971.

Carlton (21-10) scattered nine hits and walked two in halting St. Louis' winning streak at eight games. By winning, Philadelphia moved back to within 4½ games of the first-place Cardinals in the National League East.

Fielding errors by St. Louis in the third and fifth innings accounted for four Philadelphia runs off the Cardinal starter, Eric Rasmussen (0-1), including all three in the decisive fifth.

The Phillies pounded out 13 hits off three Cardinal pitchers. "Tonight they were aggressive," Pat Corrales, the Phillie manager, said of his players. "It's something you can't explain. It's something on the bench that you can detect."

**Reds 6, Giants 5**  
In Cincinnati, Gary Redus drove in two runs and scored twice to lead the Reds to a 6-5 victory over San Francisco before 6,038 fans — smallest crowd in Riverfront Stadium history.

**Cubs 1, Pirates 0**  
In Chicago, Jody Davis hit a two-out single off reliever Rod Scurry in the seventh inning to score Gary Woods and lift the Cubs to a 1-0 victory over Pittsburgh.

**Astros 5, Braves 3**  
In Houston, Danny Heep doubled to knock in two runs and shortstop Rafael Ramirez committed

ted a two-run error in helping the Astros to a 5-3 victory over Atlanta.

**Mets 2, Expos 1**

In New York, Ron Gardenhire hit a leadoff homer in the 10th inning to give the Mets a 2-1 victory over Montreal in the first game of a doubleheader. Chris Speier's home run and an RBI double by pitcher Scott Sanderson ignited a four-run third inning that enabled the Expos to salvage a split, 5-1.

**Padres 3, Dodgers 0**

In San Diego, John Montefusco and Luis DeLeon combined on a six-hitter in pitching the Padres to a 3-0 victory over Los Angeles.

**Tigers 11, Orioles 1**

In the American League, in Baltimore, Lance Parrish hit his 30th homer of the year to lead Detroit to an 11-1 rout of the Orioles, who remained two games behind the Milwaukee Brewers, who also lost.

**Red Sox 4, Brewers 3**

In Milwaukee, Jim Rice's two-out single to score Glenn Hoffman from third base with the winning run in the 10th inning to give Boston a 4-3 victory over Milwaukee.

**Angels 2, Royals 1**

In Anaheim, Calif., pinch hitter Darryl Scott singled home pinch runner Gary Pettis with one out in the 10th inning to give California a 2-1 victory over Kansas City.

**Indians 9, Yankees 8**

In New York, Jerry Mumphrey broke a 2-2 tie with a sacrifice fly in the fifth inning to boost the Yankees to a 6-2 victory over Cleveland in the nightcap of a doubleheader. The triumph capped a nine-game losing streak. In the opener, an error by second baseman Willie Randolph with the

## Tuesday's Major League Line Scores

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